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ARTICLES

EVALUATION, POLICY LEARNING AND EVIDENCE-BASED POLICY MAKING

IAN SANDERSON

The increasing emphasis on the need for evidence-based policy indicates the continuing influence of the 'modernist' faith in progress informed by reason. Although the rationalist assumptions of evidence-based policy making have been subject to severe challenge from constructivist and post-modernist perspectives, it is argued that the attempt to ground policy making in more reliable knowledge of 'what works' retains its relevance and importance. Indeed, its importance is enhanced by the need for effective governance of complex social systems and it is argued that 'reflexive social learning' informed by policy and programme evaluation constitutes an increasingly important basis for 'interactive governance'. The expanded use of piloting of new policies and programmes by the current UK Government is considered to provide limited scope for evaluation to derive reliable evidence of whether policies work. There is a need for greater clarity about the role of evaluation in situations where piloting essentially constitutes 'prototyping' More emphasis should be placed on developing a sound evidence base for policy through long-term impact evaluations of policies and programmes. It is argued from a realist position that such evaluation should be theory-based and focused on explaining and understanding how policies achieve their effects using 'multi-method' approaches.

INTRODUCTION

The legacy of the Enlightenment is proving robust against post-modernist attacks on notions of rationality. In spite of the 'rage against reason' (Bernstein 1991) conducted in the name of post-structuralist deconstruction, the forces of optimism about the role of scientific inquiry in pursuit of progress still prevail. The realist tradition of social explanation provides a strong and resilient basis for such optimism in its quest to provide '... explanatory purchase on substantive social problems' (Archer 1995,

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p. 12). This quest to understand and explain what works for whom in what circumstances underpins the notion of evidence-based policy making in that the latter relies on the assumption that we can make policies work better if we understand how policy mechanisms bring about change in social systems to achieve desired outcomes (Pawson and Tilley 1997).

The optimistic assumptions of modernity, of progress driven by scientific advance, have been defended by Bronk (1998). Bronk argues that we can preserve the force of these assumptions by developing a strong framework of morality, social cohesion and rational, evidence-based government intervention. This modernist-rationalist project is reflected in the drive to reform the public sector across OECD countries over the past two decades. With increasing questioning and scrutiny of public intervention in economic and social spheres, governments are turning to evidence of performance for legitimacy since it is no longer guaranteed solely by democratic political processes. Indeed, the OECD (1994) has argued that 'results-oriented management' provides a new management paradigm.

Concern with the relationship between social science and public policy is, of course, not new. Bulmer (1987) identified the mid-1960s as the take-off point for social science in Britain. The Report of the Heyworth Committee on Social Science recommended an expansion in social science research and led to the establishment of the Social Science Research Council (SSRC). Moreover, the rapid growth in expenditure on public services created a demand for information about the nature of social problems and the effect and impact of public policies (ibid., pp. 3–4). However, the relationship between social science and policy making has always been problematical in the UK due to a political culture which, as Bulmer (ibid., pp. 6–9) argues, has been largely resistant to the influence of 'rational knowledge'. Progress has been made in the health field, on the other hand, since the early 1990s with the establishment of the Cochrane Collaboration, with a centre in the UK, to bring evidence from reviews of the effects of healthcare interventions to bear upon decision making. In 1999 this initiative was emulated in the fields of social and educational policy with the launch of the Campbell Collaboration.

Throughout its life, the SSRC (and subsequently the Economic and Social Research Council – ESRC) has been concerned with the role of social science in informing public policy but has had to acknowledge the continuing struggle to bring the results of social science research to bear effectively on public policy (Newby 1993). In February 2000 the then Secretary of State for Education and Employment, David Blunkett, in a keynote lecture to the ESRC also highlighted a range of problems relating both to the 'relevance' of research and the 'culture of anti-intellectualism' in government (DfEE 2000a). Nevertheless, in this lecture, Mr Blunkett emphasized the commitment of the Labour Government to '... using information and knowledge much more effectively and creatively at the heart of policy making and policy delivery ...' (ibid., p. 2) in the context of the agenda for modernizing

government. On the face of it, modernization provides a new lease of life for the notion of effective government action informed by reason, a promise of a new 'post-ideological' approach to government, '. . . an approach where evidence would take the centre stage in the decision making process' (Davies *et al.* 1999, p. 3).

There are two main forms of evidence required in this approach to improving governmental effectiveness. The first is evidence to promote *accountability* in terms of results – evidence that government is working effectively. The second is evidence to promote *improvement* through more effective policies and programmes – evidence of how well such policies and programmes 'work' in different circumstances. These two forms of evidence are different in nature. The first is primarily in the form of *information* on attributes of performance and is reflected in the growth of performance management in government – the increasing use of performance indicators and targets, for example, in government departments' Public Service Agreements (PSAs) with the Treasury (HM Treasury 2000). The second form of evidence is qualitatively different from the first. Here we are talking about *knowledge* of how policy interventions achieve change in social systems. Conventionally, we assume that reliable knowledge provides a sound basis for effective action; it is explanatory and theoretical, providing an understanding of how policies work.

The focus of this paper is on this second form of evidence and the role of evaluation of public policies and programmes in helping to generate it and thereby improve policy making. Increasingly, we hear from government ministers that 'what matters is what works'; evidence of what works is to be provided through substantially increased research and evaluation programmes in government departments and greater use of pilot projects to test out new approaches (Martin and Sanderson 1999). Thus, according to Secretary of State Blunkett, again, research will '. . . help to determine what works and why, and what types of policy initiatives are likely to be most effective . . .' and '. . . must vastly improve the quality and sensitivity of the complex and often constrained decisions we, as politicians, have to make' (DfEE 2000a). The creation of the new Centre for Management and Policy Studies in the Cabinet Office was intended to provide a 'window at the heart of government' for research and evaluation evidence (Cabinet Office 2000).

The overall purpose of this paper is to explore the notion of evidence-based policy making in the context of policy intervention in increasingly complex social systems and the potential role of piloting and evaluation. The next section discusses the 'rationalist' basis of the notion of evidence-based policy making and critiques from constructivist and post-modernist perspectives. I then go on to discuss the implications of the growing appreciation of the complexity of social systems both for the quest to derive reliable social knowledge to guide policy action and for approaches to governance, arguing that a greater burden is placed upon policy experimentation,

evaluation and social learning. This is followed by a brief discussion of the UK Government's commitment to the piloting of new policies and programmes, in particular the limited scope provided for evaluation to derive sound evidence of whether policies work. The penultimate section argues that there is a need for greater clarity about the role of evaluation when such piloting essentially constitutes 'prototyping' and that more emphasis should be placed on developing a sound evidence base for policy through long-term impact evaluations of policies and programmes. I argue from a realist position that such evaluation should be 'theory-based' and focused on explaining and understanding how policies achieve their effects using multi-method approaches. The final section draws together conclusions and some issues requiring further attention.

RATIONALIST ASSUMPTIONS OF EVIDENCE-BASED POLICY MAKING AND MANAGEMENT

The notion of evidence-based policy making has gained renewed currency in the UK in the context of the current Labour Government's commitment to modernize government (Davies *et al.* 1999). In this vision of 'modern' government, policy making is more forward-looking, joined-up and strategic; public services are more responsive to the needs of users and are more efficient, effective and delivered to higher quality standards (Cabinet Office 1999a). A key driver of modernization is evidence-based policy making and service delivery – the new ministerial mantra is 'what matters is what works' (Cabinet Office 1999b). However, the concept of evidence-based policy making is rarely defined explicitly; one attempt to do so is provided by Plewis (2000, p. 96):

> New Labour proclaims the need for evidence-based policy, which we must take to mean that policy initiatives are to be supported by research evidence and that policies introduced on a trial basis are to be evaluated in as rigorous a way as possible.

Evidence can inform the development and implementation of policy in a number of ways. The emphasis is usually placed upon the two aspects included in Plewis' definition: first, evidence of the likely effectiveness of policy options to inform decisions on what policy action to take; and, second, evidence from evaluations of policies as implemented to inform decisions on whether to continue or how to adjust and improve policies and to contribute to the evidence base to inform future consideration of policy options. Rather less attention is given to two other important aspects of the policy process. The first of these is evidence of problems and needs requiring public policy intervention; a better understanding of the specific nature and incidence of social problems is fundamental to improving the effectiveness of policy responses. The second related aspect concerns the process of objective setting; thus, an improved understanding of the problem to be addressed and of the effectiveness of possible policy options will

help to inform the deliberations of key stakeholders in the process of setting objectives.

In the notion of modern government, evaluation in particular is required to play an enhanced role in providing information on performance to enhance accountability and 'control by results', and in providing evidence of what works to inform policy learning and improvement. However, this position is underpinned by certain assumptions about the nature of the policy-making process and the nature of valid social knowledge and these are contested, something which undermines the notion that there is one best way to improve evidence-based policy making. It is possible to see this renewed emphasis on evidence-based policy as a recourse to rationalism of a kind that has been seriously challenged, most vehemently in contemporary writing about post-modernity. On one level, the emphasis on evidence can be interpreted as simply contributing to the legitimation of policies and political commitments. According to Walker (2000, p. 62–3), research is but one influence on the policy process and '. . . is not always influential, supplanted by the powerful political forces of inertia, expediency, ideology and finance'. Kogan (1999) argues that governments will seek to legitimize their policies with reference to the notion of evidence-based decision making but use research evidence only when it supports politically-driven priorities. Cook (1997, p. 40) emphasizes that '. . . the politician's prime goal is to be re-elected rather than to respect technical evidence . . .' As J.M. Keynes once famously said: 'There is nothing a politician likes so little as to be well informed; it makes decision-making so complex and difficult.' (quoted in Davies *et al.* 1999, p. 3).

There is a long history of research on the relationship between social science and public policy making (Cook op. cit.; Weiss 1995a; Nutley and Webb 2000). The ideal model of evidence-based policy making is predicated upon certain assumptions relating to: the nature of knowledge and evidence; the way in which social systems and policies work; the ways in which evaluation can provide the evidence needed; the basis upon which we can identify successful or good practice; and the ways in which evaluation evidence is applied in improving policy and practice. Nutley and Webb (op. cit., p. 25) argue that the notion of evidence-based policy and practice '. . . fits well with a rational decision-making model of the policy process'. Such a conceptualization of the process of policy formulation and implementation has long dominated the field of policy studies (Colebatch 1998). Thus, it appears to be rational common sense to see policy as a purposive course of action in pursuit of objectives based upon careful assessment of alternative ways of achieving such objectives and effective implementation of the selected course of action. Moreover, rationality is enhanced by being clear about the objectives we wish to achieve and by evaluating the extent to which the policy as implemented actually achieves these objectives. If policy is goal-driven, evaluation should be goal-oriented.

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Such evaluation completes the cycle and provides feedback to improve the policy (ibid.; Parsons 1995).

Within this rational model, then, the focus is on improving the 'instrumental' use of research and evaluation. Schwandt (1997, p. 74) argues that within this model of instrumental rationality, '... policymakers seek to manage economic and social affairs "rationally" in an apolitical, scientized manner such that social policy is more or less an exercise in social technology'. The ideal form of knowledge to provide a firm basis for this project is seen as derived through quantitative methodologies, empirically-tested and validated. Thus, Shaw (1999, p. 3) argues that the new enthusiasm for evidence-based policy gives a new lease of life to '... preoccupations with measurement, traditional worries regarding reliability and validity, and other concerns captured within quantitative methodology'. This perspective is illustrated by a recent study by the Performance and Innovation Unit of the UK Cabinet Office (2000) on improving the role of analysis in policy making which emphasizes the need for more and better data, better modelling, especially econometric, and more use of longitudinal and experimental research designs – an essentially quantitative agenda. Another Cabinet Office report on developing 'professional policy making' considers new skills needed by policy makers, amongst which are '... a grounding in economics, statistics and relevant scientific disciplines in order to act as "intelligent" customers for complex policy evidence' (Cabinet Office 1999b, para. 11.12).

This set of ideas about policy making maintains its influence in spite of sustained critique (Colebatch op. cit.). An important basis for criticism has been the constructivist or interpretivist position (Crotty 1998; Guba and Lincoln 1989), which argues that knowledge of the social world is socially constructed and culturally and historically contingent. From this perspective the notion of knowledge and its role in policy making becomes more complex; the quantitative agenda is seen as offering limited potential for improving the evidence base of policy making. It is argued that scientific knowledge can have no unique claim to objectivity, and that research does not simply inform policy development in an instrumental way but rather plays an important role in promoting broader 'enlightenment' of policy makers. From a constructivist perspective, policy development is seen as a '... process of deliberation which weighs beliefs, principles and actions under conditions of multiple frames for the interpretation and evaluation of the world' (Dryzek (1990) quoted in Van der Knaap 1995, p. 202). Policy learning involves a socially-conditioned discursive or argumentative process of development of cognitive schemes or frames which questions the goals and assumptions of policies. Evaluation research, and social science research generally, is seen as used more often in a conceptual rather than an instrumental way, reaching decision makers in unsystematic and diffuse forms, 'percolating' into the policy arena and influencing thinking about policy issues, providing policy makers with '... a background of infor-

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mation and ideas that affected the ways that they viewed issues and the alternatives that they considered' (Weiss 1995a, p. 141).

The constructivist position in epistemology has generated a strong current of uncertainty, of contingency of thought and meaning, which is not sympathetic to traditional notions of evidence-based policy making. Indeed, this current has been strengthened by the work of postmodernist thinkers who, based upon a '... comprehensive dissatisfaction with the western humanist tradition...', have set '... a massive bonfire...' under modern rationalist assumptions (O'Sullivan 1993, p. 22). The postmodernist critique of reason rejects the notion of an objective, external world and the search for a 'metanarrative' to provide a secure foundation for knowledge. It is argued that there can be no certainties; everything is contingent upon a 'radicalised subjectivity'; our understanding of the world is a matter of interpretation through particular forms of thought and language in particular social and political contexts. According to Smart (1999, p. 63): 'We find ourselves abroad in a world in which social theory and analysis is no longer able, with any credibility, to provide a warrant for political practice and ethical decision-making.'

However, there is a real problem of reconciling these implications of the postmodernist position with the practical requirements of processes of collective decision making and action that rely on assumptions of 'grounded knowledge'. Oakley (2000, p. 298) argues that: 'The contention that there are no "objective realities" would obliterate the purpose of feminist (and other) emancipatory political projects'. Indeed, there is something of a paradox here. The conditions that have generated the postmodernist 'bonfire of the certainties' do not signal the end of the need for an analytical or cognitive basis for decision making and action. On the contrary, if anything they increase this need as the sense of the complexity of the social world is heightened. Thus, Smart (ibid.) argues that '... questions concerning political responsibility and ethical decision-making, the difficulties of adjudicating between the expression and pursuit of self-interest and the promotion and adequate provision of the public domain, as well as the problems encountered in everyday social life of making a choice or taking a stand, have if anything become analytically more significant...'.

COMPLEXITY AND SOCIAL LEARNING

The implications of the growing appreciation of the complexity of economic and social organization do indeed appear to be momentous. In Giddens' (1990) analysis of late modernity, the conditions of 'wholesale reflexivity' undermine the notion of certainty in relation to social knowledge and the notion that '... more knowledge about social life ... equals greater control over our fate...' (ibid., p. 43). On the contrary, knowledge of the social world actually contributes to its instability, to conditions of uncertainty and ambivalence. There will always be unintended and unanticipated consequences of action which undermine our capacity to predict and control on

the basis of knowledge. But this does not imply that systematic knowledge of human action is not possible; it implies that there are no 'foundationalist' guarantees but nevertheless that our knowledge of the social world can help us '... in our attempts to steer the juggernaut' (ibid., p. 154).

Of course, epistemological dispute continues about the basis upon which 'reliable' knowledge of the social world can be derived, but the realist tradition in the philosophy of social science is enjoying something of a revival in the context of the concern to make policy making more evidence based (Archer 1995; Archer *et al.* 1998; Kirk 1999; Pawson and Tilley 1997; Searle 1995; Trigg 2001). Realists argue that there are social phenomena independent of cognition to be explained in terms of underlying mechanisms (which may not be directly observable) and that the task of social science is to understand the way in which mechanisms work in conjunction with contextual factors to generate social outcomes. As Trigg (2001, p. 237) argues from this standpoint, '... there is little point in furthering social science if it is useless in helping to deal with the human world in which we are situated'. According to Pawson and Tilley (op. cit.), the task is to understand what works, for whom, in what circumstances, and why as a basis for piecemeal social reform; indeed, the phrase 'what matters is what works' has become something of a mantra in evidence-based policy circles. Realists argue that they provide the basis for a 'middle ground' between the over-optimistic claims of objectivists on the one hand and over-pessimistic nihilism of relativists on the other (Trigg 2001).

Realism therefore offers the prospect of 'steering the juggernaut' on the basis of a better understanding of what is likely to work in terms of public policies and programmes. This provides a potentially important basis for effective governance but a broader institutional framework is required to deal with social complexity that goes beyond traditional command and control models (Mulgan 1998). Amin and Hausner (1997) have developed the notion of 'interactive governance' as the basis for strategic guidance of increasingly complex societies. They argue that the idea of society as a web of interlocking networks of affiliation and interaction, structured around a multiplicity of formal and informal institutions, constitutes '... a powerful metaphor for grasping the problems of social complexity' (ibid., p. 10). Networking (or 'relational interaction'), involving both state and non-state governance structures, provides a basis for overcoming the rigidities associated with hierarchy – interactive, deliberative networks with a multiplicity of shared values and responsibilities being more discursive and democratic (ibid., pp. 14–19). Strategic guidance – the ability to co-ordinate, arbitrate and facilitate multiple governance networks – is seen as 'the quintessence' of governing social complexity (ibid., p. 18).

Jessop (1997, p. 111) argues that a key element of such strategic guidance is '... reflexive monitoring and dynamic social learning...'. Other commentators have recognized the need for an enhanced capacity for learning as a means of reconciling the implications of increasing social com-

plexity with the requirements of effective public policy intervention. Donald Campbell's notion of the 'experimenting society' was founded upon a commitment to innovation, social reality-testing and learning (Campbell and Russo 1999). As Oakley (2000, p. 320) states:

> The experimenting society would be active, preferring innovation to inaction; it would be an evolutionary, learning society and an honest society, committed to reality testing, to self-criticism and to avoiding self-deception; it would be non-dogmatic, accountable, decentralized and scientific. . ..

Some years ago Dunsire (1986) argued that under conditions of uncertainty about the ex ante 'correctness' of policy decisions, and about capacities to implement policies as intended, there is a need to strengthen the role of evaluation in providing up-to-date, relevant information on actual performance, and to build the capacity to take action to modify policy design and implementation in the light of such information. The implications of Rescher's (1998) analysis of complexity point towards increasing need for monitoring and evaluation of 'how matters work themselves out':

> The fact is that in situations of unmanageable complexity, practice in matters of public policy is often guided more effectively by localized experimental trial-and-error than by the theorizing resources of an intellectual technology unable to cope with the intricacy of interaction feedbacks and impredictable (sic) effects. (ibid., p. 189)

In this situation, a major burden is placed upon policy experimentation and evaluation as key institutional practices in interactive governance to provide the basis for reflexive social learning. With a realist commitment in policy and programme evaluation to expanding the evidence base on 'what works', coupled with governance processes that embody a serious commitment to learning from such evaluation, we can potentially achieve a rational basis for the guidance of social change towards collectively desired ends. On the face of it, at least, the UK government's commitment to the piloting of new policy developments, accompanied by increasing emphasis on evaluation as a key basis for evidence-based policy making, appears to be consistent with this model of interactive governance.

THE CONTRIBUTION OF PILOTING TO EVIDENCE-BASED POLICY MAKING

The scale of piloting and testing of new policy developments by the New Labour Government in the UK has indeed been significant in areas such as crime prevention, employment and welfare policy, health, education and local government. Employment and welfare policy has been a significant area for piloting given its importance to the government's Welfare-to-Work agenda. Thus, the New Deals which have been developed for various groups experiencing particular disadvantage in the labour market (e.g.

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young people, lone parents, disabled, long-term unemployed) were all subject to initial piloting or 'prototyping' before being extended on a national basis (Hasluck 2000). The Single Work-Focused Gateway for welfare benefits (later branded ONE), designed to provide a single point of entry to the benefits system for those of working age but not in full-time work, was piloted in 12 areas across Great Britain starting in June or November 1999 (Chitty 2000). Health Action Zones (HAZs) were developed as pilot projects designed to explore mechanisms for breaking through current organizational boundaries to tackle inequalities and deliver better health service and health care, encouraging co-operation across the National Health Service. Eleven HAZs were established in April 1998 as 'trailblazers' and 15 more were set up in April 1999 (Judge, *et al.* 1999).

In relation to education policy, the 'Sure Start' initiative was developed as a key element of the government's drive to tackle child poverty and long-term social exclusion. Its aim is to develop improved and co-ordinated local services, owned by the local community, for families, which will enable children to thrive when they are ready to enter primary school. During 1999–2000, 126 'trailblazer' programmes were established (Sure Start Unit 2000). A final example of piloting comes from the UK government's agenda for the modernization of local government, a key element of which has involved the introduction of a new statutory duty of Best Value to replace the previous regime of Compulsory Competitive Tendering (CCT). This duty requires local authorities to secure continuous improvement in their performance defined in terms of an extensive set of performance indicators and designated targets and standards. Authorities are required to undertake performance reviews of all services over a five-year cycle and produce an annual Local Performance Plan for local people. There is also a rigorous regime of audit and inspection, backed by new powers, allowing government intervention in the event of 'clear performance failure'. Pilot projects were established in 40 local authorities and two police forces in England (with a separate piloting exercise in Wales) commencing in April 1998, which ran for over two years (Martin and Sanderson 1999).

All of these pilot programmes have been (or are being) subject to comprehensive evaluation. Although they have obviously differed in specific terms, nevertheless they have all involved a combination of an assessment of impact with the analysis of implementation processes. In conventional terms, they have sought to combine summative and formative evaluation. At least at the stage of developing the evaluation design, the ostensible intention has been to provide policy makers with feedback both on outcomes, effects and impacts achieved (and, in most cases, value for money) and on the effectiveness of approaches to delivery of the programmes and lessons in terms of 'good practice'. On this basis, therefore, evaluations have been set up to answer two key questions: first, 'does it work?'; and, second, 'how can we best make it work?'

The relative balance of emphasis that can be placed upon these two ques-

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tions depends, in turn, on two key factors: first, the degree of weight or importance attached to them by policy makers; and, second, the extent to which sound evidence can be obtained as a basis for providing a convincing answer. Taking the latter issue first, it is clear that there have been significant limitations on the ability of pilot evaluations to provide convincing evidence to answer the question 'does it work?' Thus, there are a number of problems that limit the scope for impact evaluation in the context of pilot programmes. The first problem concerns the time needed for the effects of new policies to be manifested and to become capable of measuring and isolating from other factors, particularly where policies are seeking to tackle deep-seated economic and social problems. It may take some considerable time for pilot projects to become fully established so as to represent the conditions under which a policy would work when fully implemented. If the policy aims to change attitudes and behaviour or achieve institutional reform, effects may be difficult to achieve during the course of a pilot project.

This problem is exacerbated by political considerations that constrain the length of time for pilot programmes to operate. When policy initiatives arise from political manifesto commitments, policy makers are understandably impatient to receive results that will provide evidential support for decisions to proceed with full implementation. Such a political interest potentially conflicts with the interests of evaluation research, the interests of which are served by long-term, in-depth analysis of the effects of pilots. As Walker (op cit., p. 162) argues, '... the short-term horizons of policy making will outpace those of research. Political considerations, with an upper and lower case "p", will continue to have precedence over those to do with research design.' Therefore, on the one hand, the time made available for piloting may be insufficient for the analysis of impact. On the other hand, even within the timescale of the pilot, as Chitty (op cit., pp. 9–10) emphasizes, policy makers and politicians will be looking for results as early as possible to enable them to 'plan the way ahead'.

Related to the problem of timescale, a second set of difficulties arises in seeking to isolate effects of pilot programmes from exogenous change and from the effects of other initiatives that may also be having an impact on the same problems as those addressed by the pilot. There are two key problems here. First, the size of the impact may not be substantial and therefore may be difficult to measure at an acceptable confidence level. For example, from a cross-national comparison of the effectiveness of welfare-to-work polices, White (1999, p. 69) concludes that the effects, though positive, '... are generally moderate rather than large'. The second problem is that of 'attribution' – given observed and measured outcomes, how can the effect of the piloted measures be isolated from other influences. This is especially difficult in the context of area-based initiatives (ABIs), which are targeted on particular areas of greatest need, and which are playing a particularly important role in the UK government's polices to address social

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exclusion (DETR 2000a). ABIs that are being (or have been) piloted include Health Action Zones, Education Action Zones, Sure Start and Employment Action Zones. A key feature of these policies is the aim of joining up programmes and mainstream services through holistic approaches on the assumption that the whole will be more than the sum of the parts. In such a situation it is extremely difficult to isolate the effects of any one initiative and the effect due to interaction with other initiatives and with mainstream services.

In such a context, evaluators face severe difficulties in seeking to isolate policy and programme impacts. In particular, the feasibility and validity of the experimental design, involving randomized controls to isolate net additional impact (i.e. net of deadweight effects), is undermined because the *ceteris paribus* requirements cannot be fully satisfied. In relation to ABIs, the range and variety of policy initiatives and the scale of change in local government renders strict control impossible (Granger 1998). In national initiatives, such as the New Deal programmes, the use of control groups is, as Hasluck (op cit., p. 63) argues, not practical primarily due to ethical objections to denying some eligible people the benefits of the initiative. In such situations, a range of quasi-experimental approaches can be pursued (as in the New Deal evaluations) but these will not provide the kind of unequivocal results that policy makers seek.

There are a number of other problems that add to the complexity of evaluation and create difficulties for impact evaluation. In the situation of piloting there is considerable scope for variation in the implementation of a policy; such variation may indeed be encouraged to generate different approaches for the purposes of evaluation. Thus, there is also likely to be a lack of stability over time in the form of intervention. Indeed, these problems are to some degree built in to pilots when results of evaluations of implementation process provide the basis for ongoing improvement and sharing of good practice. Moreover, where the aim is to tailor help to the specific needs of individuals or groups (as is increasingly the case in, for example, welfare-to-work initiatives), it becomes difficult to define a discrete, standard intervention of the kind required by experimental designs. Finally, there are a number of other reasons why a pilot may not be typical of the policy as it would ultimately be implemented. For example, as Hasluck (op cit., p. 63) points out, '. . . the resources devoted to the pilot may exceed that (sic) available at national roll out. There may also be a greater level of commitment and a "pioneering spirit" amongst staff involved in delivery'.

Indeed, it could be argued that there is a 'structural' danger of unrepresentativeness of pilots in a context where there is a strong political commitment to a policy, and the pilot receives generous resourcing in order to make it work. This brings us back to the question posed earlier regarding the relative weight given by policy makers to knowing whether a policy works as opposed to how it can be made to work. We have seen that there

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are problems with the evidential basis for answering the first of these questions. There are also grounds for arguing that policy makers and politicians have also placed more weight on the second question. I have already referred to the dominance of short-term political considerations and Walker (op cit., p. 161) suggests that '... the use of pilots has been more akin to prototyping than to experimentation...'. An example is provided by the Best Value pilot programme in Great Britain. As Martin and Sanderson (op cit.) argue, the relative emphasis on summative and formative evaluation shifted significantly towards the latter during the course of the pilot programme. Early in the programme, in advance of any substantial evaluation results, the government published a series of key policy documents outlining the way in which it expected the Best Value framework to operate. Martin and Sanderson conclude (ibid., p. 254) that:

> it is ... clear that, at this stage in the policy and electoral cycle at least, central government is not primarily interested in or particularly receptive to alternatives to Best Value. The Best Value principles are not up for debate – ministerial advisers claim to have known what was required before Labour came to power. Piloting is not therefore designed to test whether the Best Value framework should replace CCT – ministers are already committed to this course of action. There is some scope for 'single loop learning' focused on ways of making the framework operate more effectively at local level. However, the piloting process is not so much about experimenting as about exemplifying. The main aim seems to be to create a cadre of 'trail blazing' authorities that will provide instances of 'good practice' that can be adopted by other councils.

SOME IMPLICATIONS FOR EVALUATION

There are grounds, therefore, for questioning whether the government's commitment to evidence-based policy making extends to using piloting as genuine experimentation to obtain evidence about whether policies work. The endemic problems that exist in seeking to obtain sound and convincing evidence of the impact of piloted policy initiatives, together with the uncertain role of research and evaluation in informing key policy commitments, raise doubts about the role of pilot programme evaluation. If policy makers are not able to create the conditions for piloting that would enable robust impact evaluation to be undertaken (as occurs much more in the USA – see Riccio 2000), then we might legitimately question whether it is worth persisting with the notion that pilots can genuinely inform decisions on *whether* to proceed with a policy.

Consequently, there is a need for greater clarity about the role of piloting and, therefore, the purpose of evaluation. In particular, there is a need to be clear when piloting is primarily about 'prototyping' in which '... greater emphasis is placed on *how* it works than *whether* it works ...' and '... evaluation is as much about identifying good practice as about identifying the "counterfactual"...' (Chitty 2000, op cit., p. 13). In this context,

the form of evaluation required is close to action research, with a focus on identifying how implementation can be improved, working closely with practitioners. However, we are then left with the problem of how to obtain better evidence about whether policies work and about what works and why in different circumstances. Can piloting make a significant contribution in this respect?

This would require genuine policy and programme pilot experiments in which considerations of evaluation design played a major role, so as to create the conditions under which robust evidence could be obtained. Such evidence is required both about the nature of effects and impacts of policies and about *how* these effects are produced in the circumstances in which they are implemented (where relevant, in combination with other policy measures). However, the prospects of developing such an approach to piloting in the UK policy context is uncertain given the rather short-term horizons of policy making and a political culture that has long been unsympathetic to 'rational knowledge'. In this respect, there is a stronger tradition of experimentation in the USA, which has permitted evaluators to properly assess the effectiveness of social programmes in pilot situations (Riccio 2000, p. 1).

In the UK context, therefore, it may be that the most feasible strategy for strengthening evidence-based policy making comprises two related elements. First, as Chitty (op cit., p. 12) argues, there is a need to ensure that all the currently available relevant research and evaluation evidence is thoroughly reviewed and synthesized and used to inform policy thinking and appraisal. Indeed, there have been significant developments in this direction, and UK government departments and agencies are placing more emphasis on such review and synthesis work. A recent example is a review commissioned by the DETR of the evidence base for regeneration policy and practice with a view to '. . . ensuring that policy and practice are informed through a more rigorous and challenging evidence base' (DETR 2000c). A key development was the establishment in 1992 of the Cochrane Foundation in the health field, the aim of which is '. . . to help people make well-informed decisions about healthcare by preparing, maintaining and promoting the accessibility of systematic reviews of the effects of healthcare interventions' (Cochrane Collaboration 1999, p. 1). The UK Centre was established in 1992 with support from the National Health Service (NHS). In 1999, the Campbell Collaboration was established to emulate the Cochrane Collaboration in the fields of social and educational policy (Boruch, *et al.* 1999). The Department for Education and Employment (DfEE) has recognized the importance of review and synthesis of research evidence and has expanded its research budget to fund dedicated research centres as '. . . foci for the synthesis of knowledge as well as adding to it. . .' in relation to key topics in education and employment (DfEE 2000b).

The Cochrane Collaboration is regarded as a success but a number of important issues and questions have been raised about the potential for

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successful research synthesis and review in areas of social policy (Oakley 1999). The key difficulties are those that bedevil impact evaluation in the context of complex social initiatives; some of these were discussed in the previous section. Thus, many social interventions comprise packages of approaches, with component elements 'treating' different groups, and interventions classified together may comprise different specific measures. A focus on outcomes '... might lose much of the variety and detail about interventions in which practitioners and policy makers are most interested, and which they view as critical in distinguishing between different approaches' (ibid., p. 4). Moreover, many social interventions are explicitly targeted at multiple outcomes. Finally, reviews may have difficulty addressing underpinning theory '... unless review activity is structured to cross problem/outcome areas, and allow for the classification of interventions according to their theoretical base' (ibid., p. 5).

These difficulties undermine the potential to derive clear messages about what works from reviews and syntheses of research and evaluation studies of social policy interventions. The last issue referred to above, relating to the theoretical basis of policy intervention, is of particular concern from a realist perspective, where the key focus is on identifying and explaining what works in terms of underlying policy 'mechanisms' operating in particular contextual circumstances. Thus, Pawson (2000) criticizes dominant approaches to research synthesis, which he labels 'numerical meta-analysis' and 'narrative review', with their concern to identify 'best buys' for policy makers. He argues that they do not achieve decisive results, the former making no effort to understand how programmes work in different contexts, the latter unable to provide transferable lessons. Pawson argues for a realist approach to synthesis that focuses on families of mechanisms and produces tailored, transferable theory.

The next few years should provide some important lessons on the value of research synthesis and review in terms of providing policy makers with a better understanding of what works, for whom, in what circumstances in areas of social policy. At the present time, there are grounds for concern about the nature of research and evaluation evidence available in many areas. From a realist perspective, much of the available evidence fails to provide the basis for a theoretically-grounded understanding of transferable lessons about what works and why (Pawson, op cit.).

This brings us to the second element of the strategy for improving the evidential basis of policy making: better generation of new evidence through long-term evaluation of new policy initiatives once they are implemented (after any prototyping or piloting). Such evaluation needs to be planned jointly with implementation in order to provide the best possible conditions for detailed longitudinal research from a well-defined baseline position.

Some recent initiatives by the UK government to put in place long-term evaluations of key policy initiatives offer some hope for this strategy, with

a strong emphasis on building the evidence base to improve the effectiveness of future policy intervention. Two such evaluations will be very briefly considered, the first relating to the New Deal for Communities programme and the second to the Best Value regime for local government, the pilot phase of which was discussed above.

The New Deal for Communities (NDC) is a key programme in the government's National Strategy for Neighbourhood Renewal, the development of which was led by the Social Exclusion Unit (Cabinet Office 1998). Launched in September 1998, NDC is focused on small areas (1000–4000 households) suffering from the worst problems of deprivation and social exclusion. It aims to close the gap between them and the rest of Britain in terms of worklessness, health, crime, educational achievement and broader economic prosperity and quality of life. Bids were developed by inclusive local partnerships, which were required to '. . . harness the active involvement of local communities' (DETR 1999, p. 1). Successful partnerships developed long-term (10-year) strategies for their neighbourhoods that built on existing services and programmes to produce '. . . joined up solutions to joined up problems . . .' (ibid.). By May 2001, 39 partnerships had been approved, comprising 17 'pathfinders' and 22 'second round' partnerships. Of the total of 39 partnerships, nine are in London boroughs and 17 are in metropolitan local authorities.

Considerable effort and resources are being put into evaluation of NDC by the government. Local partnerships are required to undertake their own evaluation work and this is complemented by a national evaluation. The Department for the Environment, Transport and the Regions (DETR) commissioned a 'development project' to work up proposals and recommendations for the national evaluation in view of its scale and potential complexity. A key feature is its long-term nature, potentially up to the whole 10 years of the programme, thus providing scope for robust analysis of impact. The DETR (re-designated the Department of Transport, Local Government and the Regions – DTLR – following the 2001 General Election) saw the evaluation as comprising much that is 'conventional' in the regeneration evaluation world: the analysis of outcomes and impacts, addressing sustainability and additionality; addressing the problem of attribution, potentially through comparison areas; the analysis of implementation processes; the assessment of value for money; and the provision of feedback on 'quick wins' and early lessons (ibid.).

However, there are some aspects of the evaluation, receiving particularly strong emphasis, that require more innovative development of evaluation approaches and methodologies. First, the national evaluation was required to 'work alongside and support' local partnerships and avoid a heavy, top-down approach; indeed, the DETR considered 'action research' to be a key element in the approach to help partnerships to improve their effectiveness through useful and timely feedback. Second, given the emphasis in NDC on 'joining up', there was a need for robust approaches to analysing 'syn-

ergy' effects: how NDC links with and adds value to other area-based initiatives and mainstream programmes and services; and how the latter are re-oriented over time in a sustainable way better to meet the needs of the locality. Third, the evaluation was required to identify 'what works and how it works' and to strengthen the evidence base about effective practice in tackling a wide range of problems at the neighbourhood level. Given the complexities of NDC strategies, there is considerable potential in this evaluation to make a significant contribution to the development of evaluation approaches and methods, especially in the realm of theory-based evaluation employing multi-method designs.

Turning to the second example, I argued above that the pilot phase of the introduction of the Best Value regime in local government in England and Wales provided a good case of 'prototyping', with the emphasis more on learning how to implement the regime effectively than on understanding whether and how it worked. However, with the introduction of the new regime throughout local government from April 2000, the opportunity arose for a long-term evaluation of its impact in the context of the broader 'modernization agenda' for local government. The DETR indeed commissioned such an evaluation, which is analysing over a five-year period the way in which authorities have implemented Best Value processes, the effects of such processes through organizational and cultural change, and the impact of the changes on the performance of authorities (DETR 2000b).

Again, this is a complex evaluation, presenting some significant design and methodological challenges in terms of capturing and measuring key changes; attributing such changes to different aspects of Best Value as implemented in different socio-economic, policy and organizational contexts (together with other aspects of the local government modernization agenda); and understanding how the changes are brought about, feeding back lessons on '... which mechanisms ... appear to be most suitable and effective in particular circumstances and why' (ibid., p. 13). Therefore, as with the NDC evaluation, there is a strong emphasis on developing the evidence base about effective practice. Within a longitudinal design, the need for a mix of quantitative and qualitative methods was emphasized. These include multi-variate statistical analysis, using local authority service performance data and survey data to identify relationships between processes, contextual factors, organizational and cultural changes and performance outcomes, and in-depth longitudinal case study research to understand how and why (or why not) process and organizational changes have worked to produce improved performance.

The need to develop such an understanding and make a real contribution to the evidence base for policy development presents some major challenges for evaluation. It is beyond the scope of this paper to discuss these in detail (see Sanderson 2000) but some key points can be addressed briefly. First, I would argue that evaluation must move beyond its traditional concern with measuring effect sizes and degrees of goal achievement to

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embrace a theory-based approach to explanation. As Chen (1990) and Weiss (1995) have argued, social programmes are based upon explicit or implicit theories about how and why the programme will work and the task of evaluation is to surface those theories, identify the key assumptions and test their validity.

However, theory-based evaluation, while holding out considerable promise for the development of knowledge to underpin more effective policy making, nevertheless presents significant challenges in terms of articulating theories, measuring changes and effects, developing appropriate tests of theoretical assumptions, and in terms of the generalizability of results obtained in particular contexts. A key challenge is provided by the problem of causal attribution, which is central to theory testing (Chen 1990). Traditionally, evaluations have sought to isolate effects by establishing the counterfactual and measuring deadweight (what would have happened in the absence of the intervention); these have tended to be seen essentially as problems of measurement and estimation. However, theory-based evaluation requires an understanding of how effects have been produced and, particularly from a realist perspective, this requires an analysis of the mechanisms at work (Pawson and Tilley 1997). In the context of complex, multifaceted social interventions, Granger (1998) argues that it is 'virtually impossible' to achieve precise and clear-cut causal attribution and that we need clear, strong theories as a basis for counterfactual reasoning and causal inference, which at best may achieve a modest standard.

In the context of policy responses to complex economic and social problems, it is now widely argued that the best hope for 'generating trustworthy causal inferences', as Granger (ibid.) puts it, is through mixed methodology or multi-method evaluation designs. Such an argument, in fact, has a sound pedigree in the work over the years of Donald Campbell who, although associated with experimental evaluation, nevertheless maintained a critical, post-positivist position from which he argued, for example, that:

> experimental research is equivocal and ambiguous in its relation both to the real physical process involved and to scientific theory. This equivocality calls for use of multiple methods, none of them definitional, triangulating on causal processes that are imperfectly exemplified in our experimental treatments and measurement processes. (Campbell and Russo 1999, pp. 132–3)

As Riccio (op cit.) argues in the context of welfare-to-work and employment evaluations, since randomized social experiments are '... often too blunt a method for testing important theories or hypotheses underlying a particular social program...' (ibid., p. 1), '... new efforts to augment social experiments with nonexperimental and quasi-experimental strategies ... hold promise for improving our capacity to understand the efficacy of social initiatives, and for assessing, with greater scientific rigor, the validity of

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theoretical assumptions upon which they rest' (ibid., p. 16). This trend is also highlighted by White (1999, p. 69) in the UK context:

> (T)o learn more about welfare-to-work programmes will require greater co-operation between what have in the past been distinct approaches to evaluation. Rigorous quantitative evaluation will continue to be important, but so will the use of qualitative, case-study and organisational research. Only if this takes place will we be able to learn not only what works better, but how it works better.

CONCLUSION

The resurgence of interest in evidence-based policy making indicates the continuing force of optimism about the potential to achieve social progress through the application of reason. This paper has sought to present a case for evaluation as playing an increasingly important role in this project, but evaluation conceived somewhat differently than in traditional accounts. A focus on the role of evaluation in reflexive policy learning is required to resolve a paradox in late modern society: that while increasing complexity of social systems progressively undermines notions of certainty in social knowledge it simultaneously raises the stakes in relation to rational guidance of those systems.

Consideration of the implications of complexity raises our awareness of the limits to prediction and control of non-equilibrium social systems and the increasing significance of unintended consequences of our actions. While we can retain some confidence in our ability to understand and explain the behaviour of such systems, this needs to be tempered with a degree of modesty about what we can achieve. Thus, we need to recognize that policies are essentially 'conjectures' based upon the best available evidence. In most areas of economic and social policy this evidence will provide only partial confidence that policy interventions will work as intended. Consequently, such policy conjectures must be subject to rigorous testing. Evaluation is required to assess and understand how policies have worked (or not) and why, so that lessons can be learned to inform improvements. I have argued that policy making and evaluation need to be conceived as instances of 'practical reason' rather than as solely technical exercises. If evaluation is to fulfil its potential for driving policy learning, it must be fully integrated into the ongoing discourse, able to sustain advocacy of the 'evidential voice' and help policy makers to '. . . think more intelligently about the domain in which they worked' (Weiss, op cit., p. 141).

A key requirement of this model of policy learning, then, is the strengthening of evaluation as an explanatory enterprise. I have referred to the resurgence of interest in realist philosophical stances, which pose the key evaluation question in explanatory terms: 'what works for whom under what circumstances, and why?' The key challenge lies in allying this to complexity in the context of non-equilibrium social systems where the isolation of simple context-mechanism-outcome configurations is limited in

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terms of both feasibility and usefulness. Again, as Schmid (1996, p. 205) has autioned, '. . . some deliberate eclecticism and modesty. . .' may be required with greater emphasis on developing a sounder descriptive base to explanatory efforts through, for example, policy mapping and pattern recognition approaches to identifying emergent properties of systems.

Such a note of caution should be taken seriously. To realize the promise of theory-based evaluation in the context of policy initiatives to address complex economic and social problems represents a major challenge, especially where integrated policy solutions are sought to address problems in joined up ways. Some implications for the practice of evaluation have been discussed but in conclusion it is possible to point up two issues requiring further attention. The first concerns notions of 'theory' that are relevant in the pursuit of theory-based evaluation in this context. I have referred to the argument that we may have to accept modest standards of causal inference and this raises questions about the forms of theoretical knowledge that can be derived and about how 'robust' such knowledge can be.

The second related issue concerns the role of better analysis and understanding of social problems and needs in improving the effectiveness of policy responses. As argued earlier, this receives somewhat less attention in the evidence-based policy debate than does the role of evaluation. However, such 'fundamental' research can be seen as complementary to better theory-based evaluation, providing the basis for clearer and more specific elaboration of hypotheses for testing in evaluation research and thus helping to offset the limitations discussed above relating to standards of causal inference. Of course, such fundamental research has been the focus of substantial support over the years, for example from the ESRC and Joseph Rowntree Foundation, but the argument here implies the need for closer links between such research and government-sponsored evaluations that are long term, theory-based and designed to build the evidence base of what works in policy terms.

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THE NORTHERN IRELAND CIVIL SERVICE: CHARACTERISTICS AND TRENDS SINCE 1970

PAUL CARMICHAEL

> This is a damned funny country. There's one crowd singing 'Wrap the Green Flag Round Me' and another crowd sings 'Rule Britannia' and there's a lot of bloody civil servants up there in Stormont drawing twenty pounds a week and laughing at the lot of us.
>
> Comment made in 1939 to Patrick Shea, cited in Shea 1981, p. 205.

This paper offers a summary of research on the Northern Ireland Civil Service (NICS) that has been undertaken as part of an ESRC-supported project examining the changing nature of civil services throughout the British Isles. Not since Gladden's seminal work in 1967 have studies of the British Civil Services offered sufficient coverage of the long-existing variations within the UK. The weaknesses in coverage are particularly visible with respect to the Northern Ireland Civil Service (NICS), which is accorded either footnote status in most work or even ignored altogether. A compelling case for closing the gap in the literature is underscored by the political devolution that was introduced after 1998. Far from being the unitary state associated with the Westminster model, the UK exhibits the features of a differentiated polity in which figure the contradictory impulses of centralization and fragmentation. In illustrating 'parity with particularity', the civil service arrangements obtaining within the Province of Northern Ireland clearly exemplify the differentiation with the UK. Moreover, with devolved fora now established for both Scotland and Wales, with associated pressure for more distinctive and even separate civil arrangements in each, Northern Ireland's experience offers valuable lessons on how the UK civil service may develop in Scotland and Wales.

INTRODUCTION

Although the British Civil Service has been the subject of many studies, a lacuna has persisted on variations across the United Kingdom since Gladden's (1967) seminal work. Moreover, cursory examination reveals that one must refer to 'civil services' – the UK or Home Civil Service and the Northern Ireland Civil Service (NICS). Invariably, if mentioned at all, the tendency is to accord the NICS footnote status save from some worthy exceptions (for example, Birrell 1978; Connolly and Erridge 1990; Loughlin 1992; and, in comparison to Scotland and Wales, Levy 1995; and McConnell 2000). The rationale for such approaches is understandable. It is tempting, when considering the civil service in Northern Ireland, to employ the clichés with which so much analysis of the Province is replete – 'governing

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without consensus', 'a place apart', and so on. Northern Ireland is detached, geographically and, for the most part, politically, from the British 'mainland'. Anderson (1983) styled Northern Ireland as a 'frontier region' – 'an area adjacent to an international boundary, whose population is affected in various ways by the proximity of the boundary' (p. 2). Therefore, the peculiarities of governing Northern Ireland might make for tenuous comparison with the rest of the UK. That said, Northern Ireland is neither a colony nor a dominion but an integral part of the UK and the practical functioning of its various administrative arrangements is relevant. For all its difference, it is governed according to many of the criteria pivotal to the uniquely British way of doing things, a process consolidated by the progressive integration of many aspects of government in Northern Ireland with those in the rest of the UK. Hence, perhaps a better description is 'parity with particularity'.

If Northern Ireland represents an enigma in the conceptualization and understanding of the system(s) of British government and administration, it remains a tantalizingly attractive one. For 50 years, no matter how controversially at times, the 'local agents' as they were termed managed the Province (Harvey Cox 1987, p. 82). Moreover, through all the horrors of the euphemistically termed 'troubles', the administration of Northern Ireland continued as an essentially provincial concern, notwithstanding the disputed role of civil servants from the Republic of Ireland after the Anglo-Irish Agreement (1985). Northern Ireland offers a fascinating picture of civil administration under both devolved and London-directed government. Thus, for all its peculiarities, Bell (1987) contended that Northern Ireland could cast light on problems common throughout the UK. First, there are 'those faced by any minister (including the territorial ministers) in controlling and giving direction to multi-functional ministries'. Second, the centre/periphery relationship in government needs to be considered in terms of 'central and territorial ministries; between functional ministries and territorial departments; and between the resource control and personnel functions of both territorial and functional ministries and the operational "line" departments and divisions' (p. 191).

Hence, this article has two main sections. The first provides a theoretical framework for analysis, namely, a résumé of the 'Westminster' and 'differentiated polity' models. The second main section offers an overview of the nature of the civil service in Northern Ireland. It starts with a focus on the position since 1972 in three substantive sub-sections: the changing politics of Northern Ireland administration; administrative structures and policy discretion; and, management reform. The article then assesses the impact of devolution in terms of changes made to the Province's governmental arrangements. The article concludes by considering how the theoretical models relate to Northern Ireland's governance and summarizes the key findings of an empirical analysis of the NICS.

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A THEORETICAL FRAMEWORK FOR ANALYSIS

From the Westminster Model to the differentiated polity

Until comparatively recently, the analysis of British government involved unchallenged reference to the 'Westminster model' (for fuller discussion see, for example, Gamble 1990; Verney 1991; Rhodes 1988, 1997; Smith 1998; Weller 1985; Wilson 1994). Essentially, the Westminster model is an ideal-type. While explanations vary on details, the core elements are generally accepted universally. Consider Verney's definition:

> strong cabinet government based on majority rule; the importance attached to constitutional conventions; a two-party system based on single member constituencies; the assumption that minorities can find expression in one of the major parties; the concept of Her Majesty's loyal opposition; and the doctrine of parliamentary supremacy, which takes precedence over popular sovereignty except during elections. (p. 637)

Other features can be discerned too. Wilson (1994) noted that 'a career civil service is generally found in Westminster model countries' (p. 191). For Weller (1985), the 'bureaucracy is largely anonymous, non-partisan and career-orientated' (p. 16).

The Westminster model combines both normative (prescriptive) and positive (descriptive) elements. We are concerned with the latter for, irrespective of the model's merits as a preferred organizing basis for British government, its descriptive qualities pose problems. The evolving practice of British government has departed steadily from the model – witness minority government; devolution; and, referendums, for example. Consequently, the continuing utility of the model has been questioned (Rhodes 1997). Commentators such as Hennessy (1992) and Hutton (1996) have bemoaned the manifold failings of the British system, implicitly questioning the Westminster model's explanatory power in accounting for the nuances and growing peculiarities of British government. In fact, the innovations, failures and flaws within the UK system demand new theories and models if a satisfactory and robust interpretation is to be forthcoming.

Rhodes (1997) has contended that the complexity of modern government was such that cries of 'centralisation' were simplistic. Instead, he focused on networks, governance, reflexivity and accountability to forge an alternative interpretation 'in which centralisation coexists with fragmentation and interdependence; where policy intentions drown under their unintended consequences' (p. 4). Rhodes propounded the 'differentiated polity model'. In summary, his model stresses centralization in tandem with decentralizing delivery; fragmentation; diversity; power or interdependence; policy networks; a segmented executive; governance; and hollowing out (p. 7).

Rhodes was instrumental in the development of the literature on intergovernmental relations (IGR). 'IGR' better captured the complexity of 'interactions between government units of all types and levels' (p. 7). What

IGR theory attempted was 'unpacking the notion that Britain is a unitary state' while seeking to counter 'the image of the directive all-pervasive unitary centre with that of a differentiated polity characterised by a maze of institutions; the "centre less society"' (p. 8). There is 'asymmetric interdependence' (p. 15) where central control is imperfect since 'the centre is characterised as much by fragmentation and interdependence as by strength' (p. 13). The growth of the 'central executive territory' has made effective co-ordination and control of the centre more difficult while a segmented executive results from 'power-dependence in policy networks' (p. 15). Additionally, new processes of governing have become commonplace – loosely termed 'governance'. The state has been hollowed out, from above and from below.

Overall, the differentiated polity model contends that, notwithstanding the intrinsic merit of the Westminster model, due recognition of the above features must be made. Rhodes' model is still in its infancy and will doubtless be modified through time. It is our contention here that evidence from Northern Ireland (plus that from other parts of the UK) will help this maturing process.

THE NORTHERN IRELAND CIVIL SERVICE

Context

As the lineal descendant of the former Irish Civil Service based in Dublin, the NICS was established in 1921, following Partition, with staff transferred from departments in Ireland. Thereafter, it has dealt with devolved matters or matters 'transferred' under the terms of the prevailing Westminster statutes (chiefly, The Government of Ireland Act 1920). Matters that were 'excepted' or 'reserved' remained the responsibility of the UK Government, being classed as 'Imperial' matters to be administered by UK Ministers and the Home Civil Service. NICS has always had its own Head, its own Civil Service Commission (to deal with recruitment and promotion) and its own internal grading structure and procedures though these have tended to replicate those obtaining in Great Britain (GB) (CAB 1964, 1966).

Three distinct phases can be discerned in examining government in Northern Ireland, namely, devolution (1921–72); Direct Rule (1972–99); and, devolution-*plus* (1999–). Space constraints limit our consideration to the second and third periods. Readers interested in pursuing enquiries on the creation and early years of NICS might consult Birrell and Murie (1980), Lawrence (1956 and 1965) and Follis (1995).

Direct Rule (1972–99)

The changing politics of Northern Ireland administration

In 1968, Home Secretary James Callaghan asked, 'will they [the NICS] be loyal or will it be another Rhodesia?' On that matter, if few others, his fears were groundless though perhaps his remarks were more revealing for

betraying a fundamental ignorance of Ulster among many in Westminster, Whitehall and beyond. The fundamentally *British* Unionist culture (as distinct from a narrower Ulster variant) of senior NICS personnel explains much, not least the wearing of sponges after Wilson's infamous 'spongers' television broadcast in 1974, as a token of their deep resentment. The challenge to Westminster (not to mention the Westminster model!) became intolerable as Northern Ireland descended deeper into civil and political disorder after 1969. By 1972, faced with mounting instability, the Conservative government in London prorogued Stormont and imposed Direct Rule. A senior official in Stormont and later Head of NICS, Sir Ken Bloomfield, remarked that 'all that was left was the ritual of an orderly and responsible take over' (1994, p. 165). According to one former Northern Ireland minister, Lord Windlesham, 'despite its traumatic impact the change to direct rule was accomplished without any interruption in the day to day business of government. For this transition the NICS deserves the highest praise' (p. 263). In similar vein, one former Permanent Secretary, John Oliver (1978), confirmed, 'administrative life was going on all the time; we were not just concentrating on emergencies, not by a long chalk' (p. 96). Another former Permanent Secretary and Ombudsman, Maurice Hayes (1995), 'was struck by the ease with which the civil service has adapted to direct rule' (p. 163).

Under Direct Rule, a new Northern Ireland Office (NIO) was formed, jointly based in London and Belfast, headed by a Secretary of State with Cabinet status (William Whitelaw) plus up to four junior ministers. The London Office was created from the existing Home Office divisions responsible for Northern Ireland (Windlesham 1973, p. 196) while the Belfast Office was, in effect, the 'lineal descendant of the old Stormont Cabinet Office' (Bell 1987, p. 212). Direct Rule was 'an unusual variant of the Westminster model. Invariably, departments had a half-time minister who must be shared with other departments' (Bloomfield, in interview). The NIO was an UK department of state but not a ministry as it constituted only part of the Secretary of State's brief. Even the NIO and the Northern Ireland Departments (NIDs) combined are not a ministry since they 'do not jointly comprise in law a unified organisation' (Bell 1987, p. 193). The Secretary of State has a breadth of responsibilities both wider and more complex than their Scottish/Welsh counterparts. Indeed, Labour's second Secretary of State, Roy Mason, saw himself as a mini-Prime Minister (Connolly 1990, p. 88).

Crucially, Northern Ireland ministers had 'a non-elective relationship with the recipients of policy' (Bloomfield and Lankford 1996, p. 146; Loughlin 1992) though Wales increasingly came to share this treatment under the Conservative administrations (at least in terms of the roles of the Secretaries of State). The temporary expedient of Direct Rule was always recognized as being seriously flawed by the sharply attenuated form of democracy that it involves. First, much legislation for Northern Ireland is passed in the

form of Orders-in-Council to which no amendments can be tabled in Parliament. Second, no NIO minister has ever represented an Ulster constituency. Third, with the exception of half-hearted forays by the Conservatives, the main British political parties do not contest elections, organize constituency associations or even accept membership applications from citizens in the Province – in point of fact a case of taxation without representation. Consequently, local political parties can indulge the luxury of opposition enjoying 'all the advantages of political activity with none of the disadvantages of responsibility' (Prior, cited in Bogdanor 1999, p. 99). The deficiency is compounded by the fact that the Province requires an UK Subvention (now over £3.5bn per annum) to fulfil the 'parity principle' (Borooah 1997). The implications for civil administration in Northern Ireland are profound, investing the administrative classes with much greater influence over public policy than their Whitehall counterparts.

For Birrell (1978), NICS offers 'a unique example of a regional civil service within the UK completely separate from the UK civil service. . . . [It] provides the administrative machinery for the province' (p. 305). Birrell and Murie (1980) saw NICS as 'an independent and autonomous body rather than as a regional organisation' (p. 153). Bloomfield (1997) stressed, however, that the Stormont departments 'which currently operate under the "direction and control" of the Secretary of State for Northern Ireland are as much a part of central government as the NIO itself is of the Northern Ireland operations of United Kingdom wide departments' (p. 1). Therefore, 'in the strict sense [the NIO], is one of the series of Whitehall departments, enjoying in this case relatively broad territorial rather than narrow functional responsibilities' (p. 2). Overall, the network of government within Northern Ireland forms a 'territorial policy community', broadly though not fully congruent with Scottish and Welsh arrangements. However, 'if the differences between the territorial ministries are now less marked, the NIO remains the most autonomous: a legacy of devolution and insulation from Westminster and Whitehall' (Rhodes 1988, p. 152). A further complication stems from the Macrory Report (1970). Macrory's recommendations led to the absorption into central government of many erstwhile local government functions and corresponding expansion in NICS. Thus, NICS cannot be compared directly with the Home Civil Service since their functional responsibilities are not congruent.

Under all legislation for Northern Ireland Government since 1921, the legal entity is the department not the minister. That is, the department is the 'corporation sole' and NIDs have a legal existence separate from their Heads of Departments. Thus, the position of senior NICS civil servants is anomalous (Hayes 1997). Under The Northern Ireland Act 1974, no head of department could be appointed in the 'interim period' of Direct Rule. The Department itself performs the functions of a political head of department. The term 'Minister' is a courtesy title – incumbents have no formal constitutional powers.

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The experience of power-sharing in 1973–74, as well as the new devolved arrangements since 1999, illustrate how 'functions can be brigaded together in different ways according to the emphasis one wishes to give to this or that' (Bloomfield 1994, p. 183) (see table 1). The exigencies of political arithmetic meant 'the final outcome was a fairly shameless piece of pork-barrelling in a sort of Parkinsonian calculus' (Hayes 1995, p. 165).

Wilson (1989) noted, in respect of the ill-fated 1974 Sunningdale Agreement, the traditional mistrust felt by nationalists towards the civil service was tempered. There 'can be no doubt that their experience in government was an instructive one for the SDLP. . . . The SDLP were also to learn that the civil servants were not the mere lackeys of the Orange Order' (Wilson 1989, p. 178). For example, Brian Faulkner (1978) remarked of both John Hume and Paddy Devlin that 'both agreed that on the basis of their first week in office and that day's meeting they were willing to admit that the Northern Ireland civil service had been much maligned' (p. 240) (see Devlin 1993).

One consequence of the failure of Sunningdale and all subsequent attempts to resolve Ulster's constitutional imbroglio has been the emergence of a state of 'permanent impermanence' in terms of civil administration (Knox 1996). Throughout the troubles, arrangements for the 'good government' of the Province have continued and the system has bedded down for what has proved to be a long haul. During the period, a series of developments occurred, designed to improve the functioning of the system.

Financially, in accordance with the 'parity principle' (the UK has uniform national taxation and, in theory, uniform benefit/service levels that meet need), the Treasury's Needs Assessment (1979) indicated that the Province's high public expenditure was justified by its poor GDP per capita and higher needs. However, the fiscal regime in the Province has remained relatively slack, at least in comparison to GB during the 'hard times' of the 1980s and 1990s. Public expenditure, having risen rapidly under the last Labour government, was maintained under successive Conservative governments and has 'now reached a plateau' (Borooah 1997, p. 4).

Politically, Northern Ireland was akin to a form of ministerial 'exile' to which Cabinet 'dissidents' (or 'wets') in the Thatcher governments were posted. However, a degree of license existed, with autonomy to practice a 'wetter' range of policy options. 'As James Prior once said (in not entirely benign terms): "In Northern Ireland we're all Keynesians"' (O'Leary *et al.* 1988, p. 109).

Administrative structures and policy discretion

In terms of administrative structures and procedures, in 1976, the Head of NICS was made the 2nd Permanent Under Secretary (PUS) of the NIO, filling the post of Cabinet Secretary/Head of NICS that was abolished when Direct Rule was imposed. In effect, the two bureaucratic pyramids (of the NICS and the NIO) now touched at their apex. The 2nd PUS was based in

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TABLE 1 *Departmental structure of Northern Ireland government since 1921*

1921	Prime Minister	Finance		Commerce			Agriculture	Home Affairs		Labour				Education					
1940	Prime Minister	Finance		Commerce			Agriculture	Home Affairs	Public Security	Labour				Education					
1944	Prime Minister	Finance		Commerce			Agriculture	Home Affairs	Health & Local Government	Labour				Education					
1964	Prime Minister	Finance		Commerce			Agriculture	Home Affairs	Health & Social Services			Development		Education					
1969	Prime Minister	Finance		Commerce			Agriculture	Home Affairs	Health & Social Services			Development		Education	Community Relations				
1972	Secretary of State, Central Secretariat, NIO	Finance		Commerce			Agriculture	Home Affairs	Health & Social Services			Development		Education					
1974	Secretary of State, NIO Central Secretariat	Finance		Commerce			Agriculture	Home Affairs	Health & Social Services	Manpower Services		Environment	Housing Local Goverment and Planning	Education					
1976	Secretary of State, NIO Central Secretariat	Finance	Civil Service	Commerce			Agriculture		Health & Social Services	Manpower Services		Environment		Education					
1982	Secretary of State, NIO Central Secretariat	Finance and Personnel		Economic Development			Agriculture	Health & Social Services		Environment									
1999	Secretary of State, NIO Central Secretariat/ Office of First and Deputy First Minister	Finance and Personnel		Enterprise Trade and Investment	Regional Development	Social Development	Agriculture and Rural Development	Health & Social Services and Public Safety		Environment		Culture, Arts and Leisure		Education	Higher and Further Education, Training and Employment				

Belfast but has no direct executive responsibilities. However, by being invited to the weekly meetings of Whitehall Permanent Secretaries, Bloomfield (but less so his successor Semple) believed the position offered them the chance to raise a local voice in a national forum. The NIO Central Secretariat assists the Head of NICS.

The pressures on Direct Rule ministers meant that they were often not consulted or only superficially so. NICS officials were more closely involved with (overtly) political affairs than before with greater day-to-day decision-making powers. Additionally, they had a more prominent media and public relations role, something manifested in 'glad-handing' and concomitant loss of anonymity.

Direct Rule has been integrationist with closer approximation to developments in the UK as a whole. Northern Ireland Government has become more enmeshed in the Whitehall machinery. However, territorial specificity remains. Staff exchange between the NIO and NIDs is limited. Moreover, no one has seriously argued for complete integration of NICS into the Home Civil Service. Rather, NICS has always been 'an organisation in waiting' (Bloomfield, in interview), ready to service a new devolved government.

The NIO, in straddling both Whitehall and Stormont Civil Services, 'attempts to provide an overall coherence to policy in Northern Ireland' (Loughlin 1992, p. 70). However, there is not (nor ever has been) slavish adoption of what is formulated in Great Britain though, inevitably, much depends on the policy in question. Rather, policy 'might be represented as a continuum going from a high degree of convergence to a high degree of divergence' (ibid., p. 70). During the Stormont era, for example, Greer (1994), illustrated the role of local policy networks in agriculture policy. Indeed, he characterized the whole Stormont period as possessing a conflict between the imperatives of *parity* and *particularity*, though concluded that considerations of parity eventually prevailed. Under Direct Rule, there was an inevitable degree of tension between the NIDs and their Whitehall counterparts where these existed (note the exceptions of the DED and, partially, the Department of the Environment (DoENI) and the Department of Education (DENI)). Over time, however, trust increased between London and the NIDs such that 'the tendency towards indiscriminate intervention waned and the NIO role became much more one of fitting Northern Ireland's social and economic matters into the wider ministerial and official matrix of Whitehall' (Bloomfield 1997, pp. 3–4).

In all the territorial ministries, some departments might look to the functional English or UK ministers to determine priorities. In respect of community care policy, for instance, one senior official from the Department of Health and Social Security (DHSS(NI)) insisted that 'we maintain an entirely separate system, funded separately, and with separate accountability mechanisms [but] we would consider the Department of Health as the lead department' (private interview). By contrast, Collins (1995) noted

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how, in respect of agriculture, 'within the constraints of financial dependence, DANI [the Department of Agriculture] has sought to maintain a position of maximum adaptability' (p. 666).

Northern Ireland's experience of both devolved and Direct Rule arrangements has been considered in terms of an 'adoption or adaptation' continuum (Connolly and Loughlin 1990). However, as Gaffikin and Morrissey (1990) noted, the concept of 'adoption' assumes the application of uniform policies throughout the UK even though that may not be so. There are growing extra-UK influences, chiefly stemming from Britain's EU membership, whose policies (particularly the Structural Funds) in Northern Ireland 'may induce differences with other regions which are not beneficiaries of EC aid' (p. 140). Thus, the

> absence of complete uniformity within Britain itself and the importance of ex-UK influences [mean that] an adoption/adaptation framework is not wholly applicable. Perhaps a better concept would be adaptation within a standard framework of theories, policies and structures. While this would be appropriate for understanding national and regional policy divergences within the whole of the UK, it would be particularly useful for Northern Ireland, given its distinctive features. Moreover, we have already argued that developments in Northern Ireland should be considered in terms of their continuity/discontinuity with policies prior to 1972. *The continuity of approach, especially within the field of economic development, was remarkable for most of the period of Direct Rule.* (Original emphasis, p. 144)

Other commentators have discerned a tendency for Northern Ireland to follow policy in Great Britain, a pattern that has intensified under Direct Rule (Loughlin 1992). As Ryan and O'Dowd (1991) noted, while the trajectory differs, Northern Ireland shares the UK-wide trend towards centralization. Nonetheless, the switch from devolution to Direct Rule in 1972 did not alter the fact that Northern Ireland remains governed somewhat differently for it was/is not governed like the rest of the UK (Carmichael 1996). Put simply, in Northern Ireland, the 'structure of government poses special problems of dualism: the co-existence in one ministry of two civil services; two sets of Departments; and two locations, Belfast and London' (Bell 1987, p. 215). Direct Rule left locally specific policy largely intact but without direct input from local politicians.

To satisfy a perceived need for greater co-ordination within Northern Ireland, a Policy Co-ordinating Committee (PCC) was established shortly after Direct Rule, chaired by the Head of NICS. It was akin to a cabinet of civil servants though never presented as such (Connolly and Erridge 1990). Thus, Connolly (1991) reported that, 'partly because of the high quality of its co-ordinating machinery, Northern Ireland in its dealings with Whitehall and Brussels can get its act together well ahead of other regions (private interview with author)' (p. 93). The PCC assisted the Secretary of State and

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'considers all legislative proposals, and has a key role in advising on whether legislation in Northern Ireland should follow or vary from that proposed or effected in Britain' (Connolly and Erridge 1990, pp. 27–8). Assisting PCC were two steering committees, composed of Grade 3 civil servants (Under Secretaries), one on social affairs and one on economic matters. In 1997, a new Civil Service Management Board (CSMB) replaced the PCC though its composition was essentially identical. Agencification has had little impact on these arrangements though some larger agencies (the Child Support Agency (CSA) and Social Security Agency (SSA)) are represented in their own right. Although partly due to the fact that civil servants need to know what is happening and a need for improving administrative co-ordination, the PCC as constituted and functioning seems inconceivable within Whitehall. Rather, it is 'consistent with a move towards a "technocracising of politics" – a means whereby ordinary issues are voided of moral and ideological imperatives and are thereby seen as technical and procedural problems rather than issues of principle' (Ditch and Morrissey 1979, p. 111). There has been an 'enhanced role for the bureaucracy in containing the Northern Ireland conflict' (Connolly 1990, p. 80).

> the emphasis on administration as opposed to representation has increased the scope for civil service influence over policy. Given the small size of Northern Ireland, the result has been a tight and intimate policy network dominated by administrative interests. The inability of local political parties to influence policy has not, however, abolished the need of the government to stay in contact with the governed. As a result, the civil service has increasingly developed its own extensive and direct relationship with numerous groups and agencies. (Morrow 1996, pp. 148–9)

Since NICS follows UK precepts on appointment and promotion (i.e. by merit), the pattern of religious and gender representation within the service is self-sustaining over prolonged periods. Under-representation of Catholics and of women continues at the higher levels (Grade 5 and above) although the position is being addressed (see tables 2 and 3) partly by NI-specific legislation, especially on fair employment. The enquiry of the Fair Employment Agency (later the Fair Employment Commission) in 1983, prompted the establishment of a NICS Equal Opportunities Unit. The Unit has a

> sophisticated monitoring system of employees, which included religion, gender and disability. . . . It was later extended to cover recruitment and promotion and identified a range of problems concerned with employment tests and the composition of promotion panels. (Osborne 1992, p. 12)

One illustration of the atypicality of the civil service in Northern Ireland concerns the trade unions. Since 1972, the leading trade union for Northern

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TABLE 2 *Northern Ireland civil service: non-industrial staff. Change in gender representation by Grade (%): 1985–96 (selected years only) (excludes non-Northern Irish born and religion non-determined)*

	1985		1987		1989		1991		1993		1996		1985–96
	M	F	M	F	M	F	M	F	M	F	M	F	Change in female %
G6+	92.4	7.6	90.9	9.1	90.5	9.5	89.0	11.4	87.6	12.4	84.2	15.8	8.2
G7	94.1	5.9	93.5	6.5	93.3	6.7	91.1	8.9	88.6	11.4	85.5	14.5	8.6
DP	91.3	8.7	89.5	10.4	87.2	12.8	84.2	15.8	81.3	18.7	79.6	20.4	11.7
SO	84.2	15.8	81.2	18.8	79.5	20.5	76.8	23.2	75.3	24.7	74.4	25.6	9.8
EO1	76.7	23.3	74.6	25.3	74.1	25.9	71.7	28.3	70.1	29.9	71.2	28.8	5.5
EO2	60.7	39.3	56.8	43.2	50.0	50.0	41.8	58.2	41.6	58.4	40.6	59.4	20.1
AO	26.7	73.3	25.1	74.9	25.9	74.1	25.9	74.1	26.1	73.9	24.9	75.1	1.8
AA	21.2	78.8	25.2	74.8	25.7	74.3	28.3	71.7	31.0	69.0	31.2	68.8	–1.0
TOTAL	50.9	49.1	50.5	49.5	50.2	49.8	49.0	51.0	48.7	51.3	47.4	52.6	3.5

Note: M = male, F = female.

TABLE 3 *Northern Ireland civil service: non-industrial staff Change in religious representation by Grade (%): 1985–96 (selected years only) (excludes non-Northern Irish born and religion non-determined)*

	1985		1987		1989		1991		1993		1996		1985–96
	P	RC	P	RC	P	RC	P	RC	P	RC	P	RC	Change in RC %
G6+	84.9	15.1	82.9	17.1	83.7	16.3	81.0	19.0	79.6	20.4	77.4	22.6	7.5
G7	81.5	18.5	82.6	17.4	80.8	19.2	79.3	20.7	77.2	22.8	75.6	24.4	5.9
DP	79.5	20.5	78.2	21.8	76.6	23.4	74.8	25.2	73.6	26.4	73.8	26.2	5.7
SO	73.3	26.7	69.7	30.3	67.4	32.6	65.8	34.2	63.6	36.4	63.1	36.9	10.2
EO1	68.0	32.0	66.6	33.4	64.4	35.6	62.8	37.2	62.1	37.9	60.4	39.6	7.6
EO2	65.2	34.8	62.5	37.5	60.2	39.8	56.4	43.6	55.5	44.5	54.5	45.5	10.7
AO	53.9	46.1	55.0	45.0	54.9	45.1	57.1	42.9	56.8	43.2	56.2	43.8	–2.3
AA	62.1	37.9	61.7	38.3	59.5	40.5	58.4	41.6	56.9	43.1	55.1	44.9	7.0
TOTAL	64.3	35.7	63.3	36.7	62.0	38.0	61.5	38.5	60.5	39.5	59.4	40.6	4.9

Note P = protestant; RC = roman catholic.

Ireland civil servants has been the Northern Ireland Public Service Alliance (NIPSA) with a penetration rate of approximately 70–75 per cent across the service as a whole, rising to 90 per cent in the SSA. NIPSA is not affiliated to the UK TUC, being a member of the Irish Congress of Trades Unions (ICTU), but it does belong to the UK Council of Civil Service Unions.

Management reforms

Variation exists in respect of civil service managerial reforms. After 1921, custom and practice in NICS was to follow the Home Civil Service. 'Under devolved rule, we took the best bits and ignored the others' (Bloomfield,

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in interview). Later, while the remit of official reports since the 1968 Fulton Report did not extend to NICS, aspects of their findings invariably found application. Although Fulton's call for a Civil Service College was not adopted, being thought to be unviable in Northern Ireland, in 1974, a Public Service Training Council was established. In 1975, a separate Department of the Civil Service (NI) was also established. Otherwise, however, Fulton's concerns over the distinction between horizontal grades – clerical, executive and administrative – were not an issue in NICS. There was 'no such rigid separation [for] ours has been, *par excellence, la carrière ouverte aux talents* with plenty of free movement from one grade to another by promotion on merit' (Oliver 1978, p. 153). The practice whereby professional experts moved into administrative posts, especially in the agriculture and education departments, illustrates how NICS differed from Whitehall.

NICS found itself in the vanguard of developments concerning 'agencies'. When the Macrory changes expanded central government, the DoE (as the parent department) had been keen to devolve powers to self-contained units such as the roads and water divisions. The Northern Ireland Housing Executive (NIHE) (since 1970) and the Industrial Development Board (since 1982) were archetypal agencies long before the Next Steps programme. Again, Oliver's remarks seem remarkably prescient:

> The minister should answer for those matters which he really controlled policy, the broad allocation of finance, programme priorities (of very real importance, this) and new legislation; he should decline to answer for a mass of detail which it was patently clear neither he nor any one human being could effectively master and control. This latter type of work – let us call it executive as distinct from administrative work – could, I felt, be entrusted to specialised bodies unconcerned with policy or politics and free to get on and do their job without having to look over their shoulder all the time to see how their activities were being received in high circle. . . . The weakness of the case, I could plainly see, was that once the executive group was freed from answering to the minister, they would be answerable to no-one. (Ibid., p. 165)

Previous Heads of NICS have confirmed that the reforms of the Thatcher and Major eras applied to Northern Ireland, 'sooner or later'. Any slowness of pace reflected, in varying degrees, the different context, a measure of resistance, other pressures (especially security) and a lack of political will among successive Secretaries of State. Most fundamentally, NICS has not experienced the sharp decline in absolute numbers employed seen in the Home Civil Service (see tables 4 to 7). Indeed, overall numbers remained static. The large decline in numbers of industrial civil servants has been offset by a growth on non-industrials, especially within the Police Authority of Northern Ireland (PANI). The PANI growth stemmed from increased use of civilians to enable police officers to replace the Army in 'front line' security duties, as part of the 'Ulsterisation' of law and order. However,

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TABLE 4 *Northern Ireland civil service: non-industrial staff.*[1] *Total number of staff employed: 1939–82 (selected years only)*

	1939[2]	1950	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1982
Department of the Civil Service											673	680	732	787	
Office of Northern Ireland Assembly	13	31	47	53	54	52	48	63	75	36	15	12	12	10	9
Central Secretariat	7	54	88	88	100	105	128	142	142	81	56	92	89		
Exchequer and Audit	11	32	37	37	36	39	39	40	56	59	59	56	64	69	73
Finance	630	1487	2251	2447	2599	2957	3027	3323	3760	3661	2769	2737	2848	2797	1513
Health and Social Services	1166	1954	4001	4074	4485	4961	5518	4683	5429	5380	5269	5403	5663	5578	6092
Manpower Services								1366	1798	1923	1919	1935	2020	1979	1923
Education	139	289	435	446	504	498	481	502	612	635	627	632	663	637	572
Agriculture	546	2137	2946	2979	2959	3070	3143	3206	3329	3346	3229	3253	3278	3242	3081
Commerce	78	403	407	421	465	568	666	701	793	805	677	693	741	729	689
Development		288	511	528	560	603	634								
Environment								2538	3013	4267	4093	4032	4446	4419	5887
Housing, Local Government and Planning								799	941						
Northern Ireland Office	388	650	1196	1275	971	691	927	1118	1500	981	1107	1155	974	953	983
Police Authority for Northern Ireland					573	699	851	886	1069	1556	1677	1722	1767	1775	1848
Others[3]			6	49	94	81	91	125	25	24	22	23	212	189	50
TOTAL	3195	7764	11 925	12 377	13 420	14 324	15 553	19 492	22 542	22 754	22 183	22 425	23 509	23 154	22 720

Source Digest of Statistics, Northern Ireland (annual) Belfast. HMSO; NIPSA annual report

Notes

[1]Includes permanent and temporary administrative, clerical, typing, professional, technical and subordinate staff. Figures are as at June each year

[2]Earliest year available

[3]'Others' includes Parliamentary Commissioner's Office, Community Relations, Community Relations Commission, Commissioner for Complaints, and the Northern Ireland Court Service.

Department of Environment figures include estimates for local government staff taken over on 1st October 1973.

Ministry of Home Affairs became the Northern Ireland Office on 1st January 1974

Department of Development divided into Departments of Environment, and of Housing, Local Government & Planning on 1st April 1974

Department of Health and Social Services divided into Departments of Health and Social Services, and of Manpower Services on 1st April 1974.

Department of Housing, Local Government & Planning merged into Department of Environment on 1st April 1976

Department of Finance divided into Departments of Finance, and of the Civil Service on 1st October 1976.

TABLE 5 *Northern Ireland civil service: industrial staff. Total number of staff employed: 1963–82 (selected years only)*

	1963[1]	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Education											3	2	2
Finance	266	294	310	382	511	565	589	651	290	271	263	274	
Health and Social Services	5	78	44	117	118	165	1	1	2	2	2	2	
Manpower Services							207	240	248	268	236	235	
Agriculture	1947	2189	2998	2873	3286	4160	4155	3959	3760	3546	3346	3139	
Commerce	8	13	16	21	28	27	32	35	31	37	33	28	
Development						37							
Environment							5500	5909	5980	6264	5824	5846	
Housing, Local Government and Planning							95	123					
Northern Ireland Office	70	48	54	11	6	11	9	3	3	6	7	33	
Police Authority for Northern Ireland.				49	58	73	74	74	85	116	146	173	
TOTAL	2296	2622	3422	3453	4007	5038	10 662	10 995	10 399	10 513	9859	9732	

Notes. Figures are as at June each year
[1]Earliest year available
Department of Environment figures include estimates for local government staff taken over on 1st October 1973
Ministry of Home Affairs became the Northern Ireland Office on 1st January 1974.
Department of Development divided into Departments of Environment, and of Housing, Local Government and Planning on 1st April 1974
Department of Health and Social Services divided into Departments of Health and Social Services, and of Manpower Services on 1st April 1974
Department of Housing, Local Government and Planning merged into Department of Environment on 1st April 1976
Department of Finance divided into Departments of Finance, and of the Civil Service on 1st October 1976

notwithstanding the situation concerning staff numbers, specific reform initiatives have been applied to NICS.

As part of the Raynor scrutinies, a small project team of home and NICS civil servants undertook an analysis of financial administration in Northern

TABLE 6 *Northern Ireland civil service: non-industrial staff. Total number of staff employed: 1985–99 (selected years only)*

	1985	1987	1989	1991	1993	1996	1999
Agriculture	3173	3141	2925	2861	2944	2778	2839
Economic Development	2523	2625	2658	2769	2744	2439	2449
Education	558	567	596	613	602	554	584
Environment	5791	5912	5942	5997	6278	5840	5645
Finance and Personnel	1768	1871	1874	1937	1808	1831	1601
Health and Social Services	5843	6034	6078	6263	7121	7091	7328
NIO/PANI	2943	3120	3224	3422	3607	3657	3756
TOTAL	22 599	23 270	23 297	23 862	25 104	24 190	24 202

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TABLE 7 *Northern Ireland civil service: industrial staff. Total number of staff employed. 1985–99 (selected years only)*

	1985	1987	1989	1991	1993	1996	1999
Agriculture	N/A	1132	1135	1127	1123	1057	692
Environment	N/A	4223	3788	3595	3286	2773	1833
Others	N/A	421	423	473	446	360	307
TOTAL	N/A	5776	5346	5195	4855	4190	2832

Sources: (Tables 2 through 7): Equal Opportunities Unit, Northern Ireland Government

Ireland (Raynor 1980). They recommended the merging of the Departments of Finance and of the Civil Service (something which occurred in 1982, to form the Department of Finance and Personnel, DFP) arguing that the

> fragmented arrangements prevent NICS from maximising the administrative advantages that should accrue from its relatively small size [being. . .] undesirable in that manpower control should be associated with and supported by responsibility for overall expenditure in order to function effectively. (Raynor 1980, cited in Bell 1987, p. 220)

A version of Michael Heseltine's Management Information Systems for Ministers (MINIS) was adopted in the NIO, and known as the Management Information System (MIS), while the six Northern Ireland Departments developed their own similar systems (Bell 1987).

The later Financial Management Initiative (FMI) in GB was co-ordinated by both the Treasury and the Management and Personnel Office (MPO). In Northern Ireland, the Secretary of State decided that a similar initiative would be launched as a separate but parallel exercise. It would be co-ordinated by the DFP that 'has a unique and significant responsibility for the approval of departmental expenditure, the central management of the public expenditure block and the civil service manpower total' (Knox and McHugh 1990, p. 258). A Central FMI Unit was established using both existing staff plus a private sector consultant. The DFP's own report said that the Central FMI Unit 'has kept in close contact with the Whitehall Financial Management Unit and benefited considerably from advice and information which that Unit has supplied' (DFP 1984, p. 2), reported as follows:

> Generally speaking, developments in the NICS keep broadly in step with those in the UK Civil Service. Where there are differences these stem mainly from the smaller size of the NICS and the advantage of centralising certain functions such as recruitment which elsewhere in the UK would be delegated to Departments. (DFP 1984, p. 7)

Bell (1987) maintained that the 'administrative logic' of Direct Rule and the Public Expenditure Survey (PES) system encouraged the shift in Northern Ireland to 'something approaching the Whitehall style of doing business' (p. 216).

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TABLE 8 *Northern Ireland civil service – agencies (date of establishment and current number of permanent staff)*

Department	Agency	Permanent staff[1]	Launched
Agriculture & Rural Development	Rivers Agency	256	October 96
	Forest Services	242	April 98
Enterprise, Trade & Investment	Industrial Research & Technology Unit	147	April 95
Higher & Further Education, Training & Employment	Training & Employment Agency	1349	April 90
Culture, Arts & Leisure	Public Record Office	59	April 95
	Ordnance Survey	172	April 92
Finance & Personnel	Construction Service	515	April 96
	Land Registry	170	April 96
	Rate Collection Agency	214	April 91
	Government Purchasing Agency	93	April 96
	Valuation & Lands Agency	252	April 93
	NI Statistics & Research Agency	223	April 96
	Business Development Service	248	April 96
Environment	Environment & Heritage Service	338	April 96
	Driver & Vehicle Testing Agency	283	April 92
	Driver & Vehicle Licensing Agency	262	August 93
	Planning Service	405	April 96
Health, Social Services & Public Safety	NI Health & Social Services Estates Agency	121	October 95
Social Development	Social Security Agency	4439	July 91
	Child Support Agency	1132	April 93
Regional Development	Water Service	2127	April 96
	Roads Service	2076	April 96
Northern Ireland Office[2]	Compensation Agency	119	April 92
	Forensic Science Agency	115	September 95
	Prison Service	351	April 95
All Government Departments	Non-agency staff	10 136	
TOTAL		25 843	

[1]As at 1 January 2000.
[2]NIO Agencies are not the responsibility of the devolved administration.
NB: 64.3 per cent of NICS staff are employed in Agencies This figure is determined by dividing 18 249 (15 706 Agency staff plus 2 543 Uniformed Prison staff who do not appear in the table) by 28 385 (25 842 total number of Civil Service staff plus the 2 543 Uniformed Prison staff who do not appear in the table)
Source Northern Ireland Government

The next and most influential set of reforms came with the Sir Robin Ibbs 'Next Steps' Report. Ibbs' terms of reference did not include Northern Ireland. However, the Head of NICS argued that, with due regard to the politically sensitive nature of many public services in the Province and because executive bodies already handled many services, the Report would

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be considered. The DFP was alarmed that agencies would risk weakening financial control and break-up of a unified and integrated system (Knox and McHugh 1990). Eventually, however, an Agency Liaison Group was formed (consisting of the Under Secretaries of the NIDs and NIO) to identify candidates for agency status. Since 1990, over 72 per cent of NICS staff have been transferred into agencies (with a target for NICS of 80 per cent, compared to 90 per cent in Great Britain) (see table 8). With NICS comprising around 30 000 staff in total (compared with almost 500 000 in the Home Civil Service), some of its agencies have been very small. Eleven are under 200-strong.

The New Management Code in the UK has no NICS equivalent but the old NICS 'Pay and Conditions of Service' (the 'Blue Book') has been retained, and is being revised to reflect changes in the Management Code. Hence, NICS acts as a single entity, as if it was just another a Home Civil Service department or agency. The detailed rules follow changes in the UK Management Code and 'we monitor the situation as far as developments in the Home Civil Service are concerned' (interview). Hence, the Pay and Conditions of Service document (produced by the DFP) acts as NICS' own rulebook within the parameters of the UK Management Code. In 1998, the Civil Service Commission (NI) announced the gradual replacement of the Pay and Conditions of Service Code by a new Staff Handbook. An initial version of the new fully revised document has since been produced.

The NICS Code of Ethics is the equivalent of the new Civil Service Code for the Home Civil Service. That document summarizes the constitutional framework within which civil servants work and the values they are expected to uphold. The NICS document draws heavily on it though is tailored to suit local conditions and includes a new and independent line of appeal to the Civil Service Commissioners in Northern Ireland in cases of alleged breaches of the Code or issues of conscience. The Northern Ireland Code is supplemented by the more specific provisions of the conduct section of the NICS Staff Handbook and departmental or agency guidance that is issued periodically. All such documents are intended for use only during the period of Direct Rule and can be amended by the devolved assembly.

Like their British counterparts, Northern Ireland agencies may seek a delegation to determine their pay and conditions by applying to DFP's Central Personnel Unit but few requests have been made. Blanket delegation has been granted for non-pay conditions of service matters (such as holiday entitlement) but, otherwise, the policy has been reactive to requests rather than proactive. Most departments and agencies continue to use the centralized services for recruitment and promotion leaving them able to concentrate on their 'core' activity. One problem concerns the NIO. As a Whitehall department, it enjoys full delegation for its Home Civil staff but not for the majority of its staff who are seconded from NICS. As it must harmonize these two groups, the NIO has asked for delegation, to be able

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to treat its NICS staff in the same way as its Home Civil Service employees. Interface problems of this kind are inevitable.

Trade unions' fears and reformers' hopes that the break up of the unified service might produce downward pressure on pay have proved groundless. If anything, the more focused bargaining that occurs in individual agencies and departments makes for higher pay claims and settlements. Although there is no statutory rule on pay parity between NICS and the Home Civil Service, the expectation is for continued bunching around the norm. Another problem concerns NICS agencies with 'cousins' in Great Britain or where a NICS agency does work for a GB agency, such as the CSA and SSA. Separate Whitley Councils remain in place for the industrial civil service for each agency and there is evidence that individual agencies are more prone to pursuing their own line. Since their introduction, agencies have been subject to further investigations. Although the Fraser (1991) and Trosa (1994) Reports were primarily directed at the Home Civil Service, their provisions have been read-over to the NICS.

Assessing the impact of agencification in terms of policy making, the experience across the NICS departments varies. To begin with, comparison with GB is difficult in many cases because there are no direct equivalents. For example, some agencies provide erstwhile local government services (e.g. water, rates collection). Overall, the senior echelons of NICS accept the need for management reforms, but some professed that they were unenthusiastic about Next Steps. One Permanent Secretary noted how:

> I was not a great fan of the so-called revolution. At the time, we believed that what we already had before agencification was sensible. Next Steps was a very bureaucratic exercise. Why turn the branches into agencies when they already had autonomy, corporate plans and targets. However, the Government wanted us to go through the exercise even though all it did was increase expense, especially in the very small agencies. Whitehall needed reform, I'm sure of that and I'm sure it brought considerable benefits. God it needed it. But crude application of a formula based on Great Britain's needs to Northern Ireland seemed bizarre. In my experience, Whitehall initiatives have been applied here more and more – government by photocopy, or fax, or email. This is the consequence of the absence of local political influences. Westminster ministers had no reason to query this. During the second part of the 1980s and first half of the 1990s, they had a growing tendency to say 'what they do there, we do here'. The reforms showed a lack of flexibility to suit local circumstances. However, on policy, such as those in the DoENI, there remains considerable divergence, for example, privatisation and CCT. This was for good political reasons though you have to ask what advice civil servants gave that led to certain policy recommendations/outcomes. (Gerry Loughran, in interview. He subsequently became Head of NICS in August 2000)

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Since 1997, a new Recruitment Service (part of DFP) has assumed responsibility for recruitment of civil servants, taking over from the Civil Service Commission (Northern Ireland). At senior levels (above Grade 5), a new Senior Civil Service (SCS) was established in 1996, comprising departmental Permanent Secretaries. It determines the methods of filling SCS vacancies (either by internal competition, open competition or Regulation 3 appointments) for all departments and agencies.

DEVOLUTION-*PLUS*

A taste of life under a devolved administration returned on 2 December 1999. In accordance with the provisions of the Belfast Agreement (1998), a new Northern Ireland Assembly moved to appoint ten members from among its numbers who, with the First and Deputy First Ministers (already nominated), formed the Northern Ireland Executive. Apart from a hiatus between February and May 2000 during which the devolved arrangements were formally suspended, these arrangements remain in place. There have been changes in the departmental configuration of Northern Ireland Government. That is, ten departments plus the Office of the First and Deputy First Ministers (see table 1, above) replaced the six departments established in 1982. The Northern Ireland Secretary and NIO retain responsibility for reserved powers in areas such as policing, prisons, security and criminal justice. Other changes included the removal of the Anglo-Irish Agreement and associated Secretariat, and the establishment of a North-South Ministerial Council, North-South Implementation Bodies, and other 'East-West' fora (see below). Thus, 'British policy post direct rule can be characterised as an exercise in variable geometry' (Wilford 1998, p. 2). The new system differs from the old Stormont, being styled 'devolution-*plus*' (Carmichael 1999b). It is

> an internal consociation built within overarching confederal and federal institutions; it has imaginative elements of co-sovereignty; it promises a novel model of 'double protection'; and it rests on a bargain derived from diametrically conflicting hopes about its likely long-run outcome, but that may not destabilise it. (O'Leary 1998, p. 3)

As an essentially power-sharing (and arguably consociational) arrangement, while a formal grand coalition is not explicitly stipulated in the Belfast Agreement, there is in practice a (permanent) rainbow coalition government drawn in proportion from the legislative assembly, itself elected by PR (STV). Allocation of portfolios follows the d'Hondt method:

> To determine the allocation of portfolios (departments) in the Northern Ireland Executive, the Belfast Agreement provided for use of the d'Hondt procedure. 'Using the divisors 1, 2, 3, 4 . . . n, [the procedure] may be seen as a series of rounds. In each round, one portfolio is allocated to highest-scoring party. In the first round, each party's score is the number

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> of seats it holds in the elected assembly. After the first portfolio is allocated to the winning party, that party's score in the next round is divided by two; the other parties' scores are unaltered, and the party now having the highest score wins a portfolio. When any party wins its second portfolio, its score for the next round is its original seat total divided by three, and so on. The process continues until all portfolios, 10 in the case of Northern Ireland, have been allocated'. (Information extracted from Professor Brendan O'Leary's letter to *The Times*)

Within this executive, there is a 'synchronised dyarchy' (Wilford 1998, p. 3) whereby the First Minister's position is inextricably linked to that of its co-equal, the Deputy First Minister. Ministers 'have full executive authority in their areas of responsibility'. However, 'there are checks on ministerial autonomy. . . . [Assembly] members could, on a cross community basis, effectively sack a Minister'. Moreover, a powerful assembly committee flanks each department. The Committees 'act not only as scrutinising bodies in the manner of Parliamentary select committees, but also will consult with the "target" Department on policy development and legislation: indeed, the Committees can themselves propose legislation in the relevant area(s) of Departmental responsibility' (Wilford 1998, pp. 5–6). Crucially, the reality of devolution-*plus* is underscored by external links for what is especially innovative is that the internal consociation (within Northern Ireland) and external confederalism (between both parts of Ireland) are '"mutually interdependent"; one cannot function without the other' (p. 9). In addition, there is a second confederal relationship, namely, the new British-Irish Intergovernmental Council (BIIGC, a body that subsumes the Anglo-Irish Intergovernmental Council and the Intergovernmental Council) and British-Irish Council (BIC, or Council of the Isles). Indeed, the BIC could 'flourish as a policy formulation forum, if the devolved governments of the UK choose to exploit it as an opportunity for intergovernmental bargaining within the UK, or to build alliances with the Irish Government on European public policy – in which case it will give added impetus to other federalist processes' (p. 11). O'Leary (1998) contended that the Belfast Agreement is 'explicitly federal' because, only by breaking its international treaty obligations, can Westminster

> exercise power in any manner in Northern Ireland that is inconsistent with the Agreement. . . . In short, maximum feasible autonomy while remaining within the Union is feasible provided there is agreement to that within the Northern Assembly. . . . If the Agreement beds down the political development of a federal relationship between the UK and Northern Ireland is assured for the medium term. (p. 11)

NICS continues to serve the devolved administration. Devolution brings implications for the NICS/NIO. First, the Head of NICS will cease to be the 2nd PUS at the NIO. Although the automatic right to sit on the committee of Whitehall Permanent Secretaries disappeared with devolution, 'I will still

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be able to attend. The need for inputting a Belfast view is less now since many officials now have some experience of Northern Ireland. On a courtesy basis, I will continue to visit – Richard [Wilson, Head of Home Civil Service] values it' (Semple, in interview). The two civil services

> will move apart as we will have different political masters. Joe Pilling [1st PUS at NIO] will remain accountable to the Secretary of State. I have four political masters [the four parties in the executive]. I will deal with the transferred matters though Joe and I will keep in touch. (Semple, in interview)

Semple's interpretation of his role contrasts with that of his predecessor, Bloomfield, who felt that the supposedly 'courtesy' role of being 2nd PUS was more important and influential in many ways than his work as head of NICS. These alternative interpretations reflect different personalities and/or the changing nature of the Senior Civil Service.

Already, devolution has resulted in the creation of six cross-border (North-South) bodies with chief executives. However, these are useful areas of co-operation but not central functions. Beyond reconfiguring the NIDs, all the institutional elements of the Belfast Agreement (the North-South bodies, the British-Irish Council, the British-Irish Intergovernmental Council, the Human Rights Commission, the Civic Forum and the Equality Commission) have now been configured/appointed and have met at least once. So long has been the period of Direct Rule that devolved government not only brings a new era but also a new learning process, as the following makes clear:

> [We] will start with a blank sheet. I am one of the few senior civil servants who has experience of the last period of devolution. . . . Politicians on all sides are resentful of NICS. They are on the outside of the fence looking in. After years of Direct Rule, it will be difficult for many civil servants to adjust to the new circumstances. The traditional anonymity of senior civil servants that is the hallmark of the Westminster/Whitehall model has been substantially eroded during Direct Rule. Under devolution, politicians will want to put their stamp on things and rightly so. (Semple, in interview)

His predecessor expressed similar sentiments: 'Devolution will bring much more local scrutiny of NICS than exists at present. Some predict that agencies may not survive since ministers will not like the idea of being the "hole in the mint"' (Fell, in interview). Under devolution, all responsibility for management issues in the NICS is vested with the devolved assembly/executive. 'In theory, all of the [management] reforms could be reversed though it is unlikely that that would happen. That said, some changes are probable'. Under the new '10 + 1' departmental structure, for example, 'the Training and Employment Agency is a huge cuckoo in the nest of the new Department of Further and Higher Education' (Semple, in

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interview). The proposed Working Age Agency in GB (bringing together large parts of the Benefits Agency and Employment Service) could have a bearing on relations between the T&EA and other departments in Northern Ireland. When, if, the devolved arrangements are allowed to bed down, it seems inevitable that the fledgling institutions will want to examine the structures they have inherited, including the role of the NICS. Indeed, already, the agency status of the T&EA has been revoked, with the agency being absorbed back into the core of the new Department of Further and Higher Education, Training and Employment (private interview). Such a reversal of past trends may not be isolated or confined to the NICS.

CONCLUSIONS

Even before Direct Rule in 1972, the peculiarities of Northern Ireland's governance (both internally and as a part of the UK) were a reminder that the UK possesses a 'complex multiform maze of institutions' in which 'interdependence confounds centralisation' (Rhodes 1997, p. 3). In exploring the changing nature of Northern Ireland's civil service and its reform, the evidence from our research indicates that the already tenuous applicability of the 'Westminster' model has been weakened further by Direct Rule. That experience has been characterized by both centrifugal and centripetal forces that lend credence to claims that the UK's governance increasingly conforms to the differentiated polity model.

The evidence itself offers conflicting signals about the extent to which Northern Ireland moves in step with the rest of the UK and the degree to which it operates at variance. Undoubtedly, the NICS is closely modelled on its larger counterpart, the UK Home Civil Service, from which it takes many aspects of its structure and internal procedures, partly because a pervasive British Unionist ideology among the upper echelons of the service stressed its affinity with its 'mainland' cousin. However, the context within which public administration functions in the more normalized setting of GB is distinctly different to that within Ulster, with its 'troubles' and concomitant state of permanent impermanence in its contested constitutional arrangements. In responding to the resultant ongoing crisis in its territorial estate, the British state has attempted to promote greater stability amidst sectarian strife in the Province, not least through relatively generous public expenditure settlements. Also, successive UK governments have presided over a form of 'local corporatism'. For its own part, the NICS' small size (c.30 000 in total), and violent intercommunal strife over the Province's constitutional status, ensure that there are other important differences with GB. Despite Direct Rule, Northern Ireland has been governed differently from the rest of the UK. The NICS is a key actor in the forefront of the Province's affairs (Gaffikin and Morrissey 1990b) and senior figures in the NICS have 'enjoyed' a far higher public profile than their Whitehall counterparts.

Policy-making in Northern Ireland also varies considerably depending

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on the policy area in question. Certainly, the variegated configuration of departments, namely, that they are not coterminous with those in Whitehall, sustains varying degrees of policy divergence, perhaps best understood by Gaffikin and Morrissey's (1990a) words which bear repeating now: 'adaptation within a standard framework of theories, policies and structures' (p. 144).

After 1979, the implementation of public sector reform in the NICS was partial, delayed and deliberately selective, continuing a pattern established long before Direct Rule. During the late 1980s and early 1990s, Westminster governments became more dogmatic about introducing reforms but, even then, their application was often tempered to allow for the idiosyncratic nature of the small and often beleaguered policy community. Hence, while executive agencies were set up in Northern Ireland, their operation has always been subject to the restrictions imposed by their small size and by an in-service culture predisposed to avoid fragmenting the unity and cohesiveness of the overall NICS.

Although devolution has been a faltering process since the Belfast Agreement in 1998, Northern Ireland has continued to experience policy and administrative divergence, despite the series of concordat arrangements progressively concluded since 1997. Already, largely to accommodate the spectrum of political opinion within the Province's new Assembly, the Executive and its constituent departmental structure have been reconfigured in ways that owe little to administrative efficiency and much to political expediency. While the turbulent and bloody realities of Ulster's recent past might be seen as ample justification alone for such bureaucratic adjustments, these adjustments have to be managed and made to function nonetheless, all of which has consequences for Northern Ireland's intergovernmental relations with the UK government in London. Moreover, as or if the provisions of the Belfast Agreement (namely, the unique form of devolution-*plus*) make themselves felt, the process of differentiation will be entrenched further still.

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GOVERNANCE IN WHITEHALL

MATTHEW FLINDERS

Governance theory raises conceptual and theoretical questions about the co-ordination of complex social systems and the evolving role of the state within that process. A central aspect of the governance debate focuses on the ability of national governments to address salient social issues. This article examines the British Labour governments' attempts to facilitate cross-departmental inter-organizational collaboration within Whitehall in an attempt to develop innovative responses to seemingly intractable social problems. The government's desire and strategy to increase its capacity to orchestrate 'joined-up' government can be interpreted as both an acceptance and a response to the challenges of modern governance. The article locates the structural, procedural and cultural responses to this challenge within the theoretical and analytical framework of governance theory. It concludes by suggesting that meaningful change in the way public policy is designed and implemented may well demand a more deep seated reappraisal of the structure of Whitehall and the dominant values of the British political elite than is currently anticipated.

Governance theory reconceptualizes traditional approaches of examining the state (Rhodes 1997). It highlights weaknesses in adopting the 'Westminster model' as the organizing perspective around which contemporary research is conducted, instead favouring the 'differentiated polity'. Governance theory therefore stresses the empirical manifestations of state adaptation to its external environment in the early twenty-first century (Pierre 2000). More broadly, governance theory also raises conceptual and theoretical questions about the co-ordination of complex social systems and the evolving role of the state within that process. Governance therefore refers to the challenge of steering and co-ordinating a complex range of organizations via a control system constructed upon a multiplicity of linkages (Bovens 1998; Kickert *et al.* 1997). A central aspect of the governance debate focuses on the ability of national governments to address salient social issues. This article examines the British Labour governments' attempts to facilitate cross-departmental inter-organizational collaboration within Whitehall in an attempt to develop innovative responses to seemingly intractable social problems. The government's desire and strategy to increase its capacity to orchestrate joined-up government (JUG) can be interpreted as both an acceptance and a response to the challenges of modern governance. However, the literature on governance is eclectic.

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The first section of this article reviews a number of dominant perspectives and approaches to governance. A definition of governance theory is proposed which isolates four key themes or variables as central aspects of the wider literature and which can be usefully applied as an organizing perspective for empirical research on state adaptation. The article then proceeds to: explore the problem of departmentalism; outline earlier attempts within Whitehall to address this issue; and, set out the plans of the present Labour government. The final section considers the government's response juxtaposed with a discussion of the four variables (control, co-ordination, accountability and power) highlighted as forming the foundation of governance theory. The article concludes by suggesting that the current plans may be insufficiently radical and that they risk producing a range of unintended consequences.

GOVERNANCE THEORY

When Sidney Low wrote *The Governance of England* in 1904, his use of the term 'governance' was the result of careful selection. Indeed he stressed that 'the governance of a people is concerned with much besides politics' (p. xxxvi). His central thesis questioned the degree to which the political and institutional machinery of the time could cope with the emerging social and constitutional challenges. He concluded: 'The stability of our institutions may be exposed to tests more searching than they have recently had to encounter'. Almost a century later 'governance' has emerged as a grand narrative to encapsulate the increasingly complex relationship between state and society. However, governance is a contested concept. Pierre and Peters (2000, p. 7) note: 'The concept of Governance is notoriously slippery. It is frequently used among both social scientists and practitioners without a definition which all agree on'. Therefore to make reference to 'governance theory' risks suggesting a false coherency. Governance theory can be said to be in an embryonic phase of development. Its utility derives from the questions it posits about the interaction and linkages between the state, the market and civil society. Moreover, it questions the epistemological and ontological foundations on which traditional research has been conducted. For Pierre and Peters (2000, p. 7), governance theory therefore refers to a 'proto-theory' – a preliminary theory awaiting future refinement through theoretical and empirical research. Any attempt to design and advocate a coherent 'governance theory' is complicated by the fact that the uses and definitions of governance are multifarious (see Kooiman 1999; Pierre 2000; Pierre and Peters 2000). Governance is not a synonym for government. It accepts that the relationship between state and society and particularly the successful implementation of public policy is increasingly dependent upon a much wider array of public, private and voluntary organizations than would traditionally be included within the 'governmental' framework.

It is, however, possible to extract three primary distinctions or

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approaches from the jungle of governance literature. The first distinguishes between governance as *structure* and governance as *process*. Governance as structure emphasizes the historical dominance of hierarchies, markets and networks as the main state forms mediating state-society relations. There is no perfect state form. Nevertheless the perceived failure and inadequacies of hierarchies and markets coupled with the bureaucratic fragmentation occasioned by the marketization and agencification of New Public Management (NPM) has focused attention on governance as the management of complex networks (Kickert *et al.* 1997). Governance as process emphasizes that governance is about more than institutional design. It considers the interactions both between institutions and between the public and institutions. Governance as process is therefore dynamic and concentrates on issues such as control and accountability.

A second distinction underlines both the *horizontal* (across governance networks) and *vertical* (between different governance levels) dimensions to governing modern states. Horizontal governance is predominantly interested with the level of the nation state. While this frequently involves co-ordinating actors at the sub-regional level, it is essentially concerned with the policy process within states. Attempts to foster greater cross-departmental co-operation within Whitehall would therefore fall within the remit of horizontal governance. Vertical governance emphasizes the increasing inter-dependence between different governmental levels (Hooghe 1996; Kohler-Koch and Eisling 1999). This broader approach to governance also includes an appreciation of the increasingly intertwined global economy and the development of a transnational civil society (Rosenau 1995; Strange 1996; Weiss 1998). In reality, the management of complex networks often involves the governance of both vertical and horizontal structures. Hence governance, in most policy fields, can be seen as a complex matrix involving overlapping and interdependent organizational relationships. However, matrix management is difficult. To some extent British government has always involved matrix management. But a range of factors, not least the transfer of policy competencies away from central government and increased institutional fragmentation within the state, have exacerbated traditional tensions.

The demarcation between horizontal and vertical governance provides a neat illustration of possibly the most significant distinction to be found within the wider literature: state-centric versus society-centric approaches (Marks *et al.*, 1996). While accepting that theories of governance challenge traditional understandings of state power and capacity, the state-centric approach asserts that the nation state remains the key political actor in society and the predominant expression of collective interests (Pierre and Peters 2000, p. 25). The state-centric approach does not accept that the nation state is losing power or being 'hollowed out' but that the role of the nation state and its levers of control are evolving in light of changing domestic and international circumstances (Evans 1997). Much of the literature

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on national level horizontal governance adopts an implicit if not explicit state-centric approach. Conversely, much of the literature on vertical multi-level governance approaches the challenges of governance from the opposite perspective via a society-centric approach. As Gamble (2000, p. 291) notes, 'It starts with the global economy and trans-national civil society and understands the policy process in the UK as part of the system of trans-national governance'. The society-centric approach therefore posits more fundamental questions about the power, capacity and future of national governments. Central to this approach is the movement of policy competencies upward to supranational bodies, outward to quasi-autonomous organizations and downward to regional governmental levels. Society-centric approaches culminate in an exposition of the tensions between an increasingly interconnected global political-economy and the fragmented structure of political authority within states. The result, at its most extreme, is a 'centreless society' in which the nation state is influenced by global trends but has little capacity to steer the ship of state (Luhmann 1982). Governance therefore has a dual meaning which explains the variety of approaches to the terms and the confusion regarding the precise scope of the word. 'On the one hand it refers to the empirical manifestations of state adaptation to its external environment. On the other hand, governance also denotes a conceptual or theoretical representation of co-ordination of social systems and the role of the state in that process (Pierre 2000, p. 3).' The former is a state-centric approach, the latter emphasizes a society-centric approach.

Despite the ubiquitous employment of 'governance' within and beyond political science, much of the confusion surrounding the term stems from the failure, on the part of both academics and practitioners, to isolate and justify the approach or perspective used. Given this fact is it possible to talk of governance as a 'theory'? Governance seen from a general academic perspective is in something of a mess but is it possible to pull together the disparate literature to advance a coherent definition and some central tenets that could form the basis of a coherent research design facilitating transferability within and between approach and disciplines? The elucidation of a consistent 'theory' would provide a valuable grounding or partial organizing perspective on which to base empirical and comparative research – to substantiate and deepen the 'proto-theory' outlined by Pierre and Peters (2000).

Drawing on the above distinctions and paraphrasing the work of Pierre (2000, p. 3) governance theory can be defined as: the study of the structural manifestation of state adaptation to its external social, political and economic environment with particular reference to the evolving processes and mechanisms of control, co-ordination, accountability and the location of power within complex networks. The remainder of this article seeks to apply this definition of governance theory to an empirical piece of research examining the current attempts within Whitehall to foster a greater degree

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of interorganizational co-operation. The British government's attempts to cultivate JUG can be directly applied to the conceptual and analytical literature on governance. More generally, there is a recognized need within the wider literature to embellish the theoretical literature on governance with empirical research. Case study and comparative analysis will allow analysts to more completely comprehend the response and capacity of nation states to govern in a more globalized and networked environment. It may also highlight the development of new instruments, tools of governance or policy styles with the capacity for transferability or, conversely, demonstrate and explain policy failure. The work of the Cabinet Office is a direct reflection of how the British core executive has interpreted and responded to the challenges of governance. The word governance is deeply embedded in the Labour government's rhetoric and yet there is little appreciation by academics of what practitioners understand by the term or the approach they adopt in designing responses to its challenges. By analysing their response it is possible to locate and interpret it in terms of the various approaches outlined above. It may also be possible to draw on the wider literature to draw out issues and factors which may have been overlooked while also suggesting unintended consequences that may arise from the government's plans. It is clear that at the heart of the government's modernization agenda lies the acceptance of the need to modify both institutional and cultural aspects of the current governing arrangements in order to increase the centre's governing capacity. Governance demands that flexibility and institutional learning be an ongoing process. There is evidence to suggest that the centre's capacity for such learning and adaptation is increasing to the point where the 'hollowing out' thesis is the subject of fresh challenge (Holliday 2000). But what happens if the 'filling in' of the 'hollowing out' fails? More precisely, if JUG fails, as similar Whitehall initiatives have done in the past, what would that indicate for the capacity of the British state to cope with the challenges of governance? If networks as a state form fail, like hierarchies and markets previously, what kind of state form would develop? Would it be a new form of communitarian governance based on the devolution of state power to the locality? All these questions are premised on the possible failure of the Labour government's attempts to reassert its central steering capacity and yet failure is not guaranteed – despite the complexity of the problem.

THE PROBLEM

Since the mid-nineteenth century, government functions have largely been established within departments of state headed by a minister accountable to parliament (Willson 1955; Schaffer 1957). Throughout the last century, the basic structure of central government remained remarkably stable. Many departments can trace their origins back directly to the Northcote–Trevelyan reforms of the 1860s (6, P, 1997 pp. 17–18). The Haldane Report confirmed the departmental structure as the basic build-

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ing block of the central state (Cmd. 9230, 1918). The bureaucratic configuration of Whitehall manages most areas of public policy in *vertical* structures – hence the terminology of cages, chimneys and silos. These vertical structures are arguably effective at delivering discrete policies and providing clear lines of management and accountability. However, the system is administratively, constitutionally and culturally ill-equipped to deal with society's 'wicked' issues – persistent and intractable, mainly social, problems which reach across departmental boundaries (Stewart 1997). Within Whitehall, the focus of ministers and officials is concerned with departmental objectives. Complex issues which do not fit neatly within a departmental portfolio, or span the interests of several departments, tend to be neglected. The structural problems are reinforced by the allocation of budgets on a departmental basis which does little to encourage cross-departmental working. Too often departments have launched their own initiatives which have not been co-ordinated with other departments. Front-line staff have therefore had to contend with a complex range of policies and confused policy messages. This problem was exacerbated by the lack of any central steering mechanism, particularly the cabinet committee system, to reconcile conflicting departmental objectives while at the same time being proactive in encouraging cross-cutting policy formation. Often there are practical problems which make effective cross-departmental working difficult. For example, 'joined-up' government can involve substantial costs to one department while the benefits accrue to another (Lovell and Hand 1999). This discourages a collective approach. Legal factors can also inhibit cross-departmental working. For example, joint working arrangements between the Department of Social Security and the Inland Revenue are complicated due to the latter's tight legal framework. A major impediment to cross-departmental working across Whitehall since the mid-1980s has been incompatible IT and computer systems (Cabinet Office 1999d, para. 9.4).

However, probably the most significant challenge to cross-departmental working involves the personal and political incentives that ministers and their officials have in putting strategic ambitions above departmental aims. Ministers like to make an impact in their department and gain recognition for high-profile initiatives rather than less visible but significant contributions to cross-cutting objectives (Kaufman 1980). The loyalty of officials to their minister and department is culturally entrenched. This creates a massive cultural barrier to JUG. At present there is little incentive for officials, in financial terms or in terms of enhanced career opportunities, to concentrate on cross-departmental issues. Moreover, although cross departmental working is clearly complex, the departmental structure has inhibited the civil service – as individuals and as an organization – from developing the necessary skills and capacity (Bovens 1998).

Although the orthodox model of the central department remains, its

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actual form was radically revised throughout the 1980s (Campbell and Wilson 1995; Foster and Plowden 1996). The Next Steps reforms led to the rapid creation of executive agencies, supposedly enjoying an arm's-length relationship with their parent department. More broadly, NPM's emphasis on decommodification, marketization and incentivization has increased the organizational complexity and institutional hybridity within the state. Thus it underlines the outdated nature of the 'Westminster model' and the utility of the 'differentiated polity' as a more realistic analytical framework for the study of the central state (Rhodes 1997). The dominant paradigm of NPM has been subjected to extensive criticism (Hood 1991). Within the differentiated polity the design and implementation of public policy is frustrated by complexity, increased bureaucratic linkages and the decline of central steering mechanisms. As the Head of the Civil Service, Sir Richard Wilson, noted:

> I would not claim that the manner in which we implemented all these reforms over the years was a model to emulate. There was not enough overall vision or strategic planning. Too often it was uncoordinated, with different parts of the centre of government launching similar initiatives simultaneously or at a pace which long-suffering managers in departments found difficult to handle. (1999, p. 5)

The fundamental point is that the reform of government has left the core executive less, rather than more, able to address critical issues of social concern (Richards 1996; Peters 1996). And yet it would be wrong to suggest that the issues under discussion are new.

A BRIEF HISTORY OF JOINED-UP GOVERNMENT

Under every government since the turn of the century ministers have called for more cross-departmental working and have announced plans to realize that ambition (Chester and Willson 1957, Chapter IX 'The central co-ordination of government 1914–1956'; Hennessy 1989). In the early 1950s, the Conservative Prime Minister, Winston Churchill, introduced the concept of ministerial 'overlords' (see Morrison 1954, pp. 28–57). These formed a layer of 'co-ordinating' ministers between the Prime Minister and departmental ministers, recreating a version of the 1940–1945 War Cabinet (Hennessy 1998). The creation of ministerial overlords floundered on their lack of a powerful department of state, their blurring of the lines of individual ministerial responsibility and, critically, the antagonism between 'overlords' and departmental ministers (see Macmillan 1969, p. 485).

During the 1960s, a number of authoritative reports and books lamented the capacity of the British civil service in the sphere of policy making (Plowden 1961; Sampson 1962; The Fabian Society 1964). The 1961 Plowden Report, *The control of public expenditure*, led to the estab-

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lishment of annual government expenditure reviews co-ordinated by the Public Expenditure Survey Committee (PESC). PESC was intended to improve strategic policy making by replacing the annual spending cycle with a medium-term planning strategy in which departments had more flexibility (Pliatzky 1982). A major aim of PESC was to plan public expenditure between departments on the assumption that collegiate decision making by ministers 'would lead to a willingness to forswear departmental loyalties and take a broader view' (Heald 1983, p. 187). In 1966, the Fulton Committee was established to examine the structure and management of the civil service. Although the Fulton Report failed to address the issue of policy making directly, the late 1960s did see a flurry of departmental mergers and amalgamations. For example, in 1966, the Colonial and Foreign Offices were merged and in 1968 the Department of Health and Social Security was created. However, inter-departmental tensions were never fully resolved and were probably most visible between the newly created Department of Economic Affairs and the Treasury.

In 1970, the Heath Government published *The reorganisation of central government* (Cmd. 4506, 1970). The aim was to reduce the number of departments through amalgamations to produce a smaller Cabinet with a broader strategic overview of the government's objectives. The White Paper therefore sought to tackle the problem of 'departmentalism' directly. It was responsible for the creation of 'super departments'. These included the Department of the Environment and the Department of Trade & Industry. The year 1970 also saw the implementation of *Programme analysis and review* (PAR). PAR was a department-based system of reviewing the efficiency and co-ordination of public policy. As Gray and Jenkins (1985, p. 108) note:

> Prior to PAR, programmes were rarely assessed together or in terms of their influence on each other. Thus a department's policy impact on other departments, as well as the whole gamut of interdepartmental initiative and the latters consequences were often analysed superficially if at all.

The success of PAR, like PESC, was limited. Departmental rivalries ensured ministers defended their department's budgets and departments viewed PAR reviews as a threat. PAR failed in the final analysis because it threatened the policy territory of Whitehall departments (Greenwood and Wilson 1984, p. 57). PAR was abolished in 1979 and superseded by the Rayner Scrutiny Programme.

A central mechanism for facilitating strategic cross-departmental working under Heath was the Central Policy Review Staff (CPRS). The CPRS provided a bulwark against departmental briefs and a central co-ordinating mechanism for government policy. As Heath notes, 'I regard the CPRS as one of the best innovations of my years at No. 10 . . . it helped maintain

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the cohesion of the government' (1998, p. 316). The CPRS produced issue-based studies which transcended departmental boundaries. In 1975, the CPRS published its *Joint approach to social policies* Report (JASP). This highlighted the need for greater interdepartmental co-ordination in formulating and administering policies (Plowden *et al.*, 1988). As Greenwood and Wilson note, 'The CPRS's freedom from day to day pressures and vested departmental interests enabled it to engage in more wide-ranging analysis than might otherwise have been possible' (1984, p. 62; see also Hennessy, Morrison and Townsend 1985). JASP failed and petered out towards the end of the Callaghan government – 'it was ambitious, schematic and completely unsuccessful' (Blackstone and Plowden 1988, p. 102). The main reasons for failure included ministerial reluctance to pursue long-term aims, the cultural and organizational differences between departments, a lack of incentives for cross-departmental working and the sheer complexity of the exercise (Plowden 2000).

In addition to the formal structural mechanisms of cross-departmental working, a great deal of co-ordination has operated through informal channels and mechanisms. This has traditionally rested upon the public service ethos, a common grading system and a similar social background amongst the senior echelons of the civil service. As Heclo and Wildavsky (1981, p. 80) state, '. . .co-operation is facilitated by the fact that, despite traditional allegiances, all officials are part of a greater civil service society'. However, it might be argued that an unintended consequence of NPM has been the lessening of informal contact. Concerns regarding the public service ethos, the increased flexibility in terms of pay and grading and the introduction of quasi-market situations have arguably prioritized organizational targets above broader objectives.

It is clear that since 1945 a range of initiatives to foster cross-departmental working have been established (see Kavanagh and Richards 2001). All of them contain similar aspects and seek to address well-known problems. Departments have been amalgamated and functions transferred. Inter-departmental working parties have proliferated. Cabinet sub-committees and special inter-ministerial working parties have been created to co-ordinate policy across departments. The Cabinet Office has grown while its capacity to nurture 'joined-up' working has theoretically been enhanced by the creation of a range of specialist issue-orientated units (for example, the Social Exclusion Unit; Women's Unit; Rough Sleepers' Unit; Anti-Drugs Co-Ordinator). Taylor (2000) suggests that the creation of these units represents a 'filling in' – a direct response to the perceived 'hollowing out' of the centre's strategic co-ordination capacity. The Office of the Prime Minister has been expanded in order to increase the central capacity for steering departments and dealing with interdepartmental conflict (Smith 1999). In a manner reminiscent of the 1950s, the Cabinet Office has enjoyed the company of a range of ministers who have been charged with taking forward strategic cross-departmental aims – without I think any particularly note-

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worthy success. I have in mind the tenures of Roger Freeman, David Clark, Peter Mandelson and Jack Cunningham. Every reform of the civil service has stressed the need to increase secondment both within and outside the civil service in order to encourage cross-departmental planning. The aim of this brief historical account is to underline the fact that the challenges which are being addressed under the current government's modernization agenda are by no means new. On the contrary, 'modernizing government' revolves around finding answers to well-established problems. In 1998, this task was assigned by the prime minister to the newly created Performance and Innovation Unit (PIU).

THE PERFORMANCE AND INNOVATION UNIT

The creation of the Performance and Innovation Unit was announced by the prime minister on 28 July 1998 as part of the changes following Sir Richard Wilson's review of the effectiveness of the centre of government (Hansard HC Debs. 28/7/98 col.133). The PIU in many ways reincarnates the CPRS, as recommended by Peter Hennessy *et al.* (1997, p. 32). It aims to improve the capacity of government to address strategic, cross-cutting issues and promote innovation in the development of policy and in the delivery of the government's objectives. The creation of the PIU, alongside the new cross-cutting units within the Cabinet Office, demonstrates that the British political elite is aware of its loss of capacity and is attempting to counter the hollowing out thesis and address the challenges of modern governance. The Cabinet Office is essentially attempting to learn how to steer networks with the PIU being charged with designing new tools of governance and the various units orchestrating the multiplicity of actors in their particular policy area.

Like the CPRS, it is based in the Cabinet Office and reports directly to the prime minister and is officially a resource for the whole government. The work of the PIU is based around specific long-term projects that cut across institutional boundaries and are carried out by teams assembled from both within and outside government. As one of its first tasks the PIU was charged with examining how current accountability arrangements and incentive systems can be reformed to facilitate joined-up policy-making and delivery. Its recommendations (*Wiring it up*) were published in January 2000 (Cabinet Office 2000a; see also Cabinet Office 2000b). *Wiring it up* highlights a number of reasons why JUG is difficult for Whitehall. The main factors are: that policy makers take too narrow a view of the issues that concern them; weak or perverse incentives exist for cross-cutting working; the civil service lacks the skills and capacity to work across departmental boundaries; and, the centre has largely failed to promote the benefits of effective cross-cutting working. The report emphasizes that a cross-cutting approach will not be appropriate in all circumstances (Box 1).

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BOX 1. *A typology of the circumstances in which a cross-cutting approach between departments and agencies might be needed (Cabinet Office 2000a, p. 15)*

- Strategic policy outcomes requiring a top-down approach led by the centre in order to deal effectively with trade-offs and/or issues affecting several departments;
- Optimizing the benefits of policy outcomes across a range of departments and agencies;
- Achieving the best trade-off between conflicting policy outcomes;
- Improving the delivery of complementary outputs and services; and,
- Improving the implementation of shared tasks and processes to deliver common or different outcomes.

There is, of course, a spectrum of possible cross-cutting strategies which range, at one extreme, from the merger of organizations to the simple creation of shared working procedures and information distribution at the other (Box 2).

BOX 2. *The range of different forms of cross-cutting interventions and joint working (Cabinet Office, 2000a, p. 16)*

- Organizational change;
- Merged structures and budgets;
- Joint teams (virtual and real);
- Shared budgets;
- Joint customer interface arrangements;
- Joint management arrangements;
- Shared objectives and performance indicators;
- Consultation to enhance synergies and manage trade-offs;
- Sharing information to increase mutual awareness.

It is clear from Box 2 that there are a number of strategies which are conceptually and practically indistinct while also being by no means new. It is also apparent that restructuring organizations has a cost (see Table 1). Cross-cutting approaches are not a panacea for the problems of modern governance. Indeed, the PIU adopts a comparative perspective in order to draw on overseas experience and best practice.

Comparative analysis highlights three critical factors. First, although

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TABLE 1 *The potential benefits and costs of cross-cutting interventions (Cabinet Office 2000a, p. 17)*

Benefits	Costs
Helping to convey 'big picture' strategic issues (e g social exclusion) which are not captured by departmental objectives;	Less clear lines of accountability for policy and service delivery,
Helping to realize synergies and maximize the effectiveness of policy and/or service delivery,	Greater difficulty in measuring effectiveness and impact, because of the need to develop and maintain more sophisticated performance measurement systems;
Exploiting economies of scale (e g. sharing of IT facilities, data and information, property, etc);	Direct and opportunity costs of management and staff time spent establishing and sustaining cross-cutting working arrangements,
Bringing together organizations or key staff whose co-operation could prove beneficial in other areas – for example, joint working by the police and housing providers on anti-drugs measures;	Organization and transitional costs of introducing cross-cutting approaches and structures.
Improving customer/client focus and thus the quality and user-friendliness of services,	
Providing a framework for resolving potential conflicts and making trade-offs,	
Improving service delivery for particular groups	

governments may set overarching objectives and budgets which cross departmental boundaries, if they fail to alter the main levers of behaviour – budgetary and accountability systems, relations with parliament and so on – cross-cutting objectives will remain notional. This indicates that joined-up policy making is a far more complex reform agenda than is readily appreciated. It cannot be contained purely within Whitehall but necessitates a complete reappraisal of the Whitehall–Westminster model, in addition to relationships within the core executive. Secondly, cross-cutting objectives need champions at ministerial and permanent secretary level if they are to have a substantial and lasting impact on behaviour. Finally, cross-cutting objectives and targets are also best kept to a minimum. The maintenance of the majority of governmental activity within departments keeps cross-departmentalism at a realistic level, reduces complexity and allows enthusiasm and commitment to be focused, reduces the potential for cross-departmental conflict and increases the centre's capacity for control and co-ordination. The PIU report concludes that six inter-related reforms are necessary if the government's ambitions in the sphere of policy making are to be realized (Cabinet Office 2000a, p. 27). These are:

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- *stronger leadership from ministers and senior civil servants* to create a culture which values cross-cutting policies and services, with systems of rewards and recognition that reinforce desired outcomes;
- *improving policy formulation and implementation* to take better account of cross-cutting problems and issues, by giving more emphasis to the interests and views of those outside central government who use and deliver services;
- *equipping civil servants with the skills and capacity* needed to address cross-cutting problems and issues;
- *using budgets flexibly* to promote cross-cutting working, including using more cross-cutting budgets and pooling of resources;
- *using audit and external scrutiny* to reinforce cross-cutting working and encourage sensible risk-taking; and
- *using the centre (No. 10, the Cabinet Office and the Treasury) to lead the drive to more effective cross-cutting approaches* wherever they are needed. The centre has a critical role to play in creating a strategic framework in which cross-cutting working can thrive, supporting departments and promoting cross-cutting action while intervening directly only as a last resort.

ASSESSING THE QUIET REVOLUTION

In a speech at City University in London in May 1999 Sir Richard Wilson stated that the civil service was engaged in a quiet revolution (1999, p. 18). At the heart of that revolution was the need to change the culture of Whitehall while increasing the core executive's capacity for complex inter-organizational policy making. Governance theory provides a foundation on which this agenda can be placed. Moreover, it identifies important weaknesses in the Westminster model and highlights key problems facing the architects of the modernization agenda. Governance theory is particularly relevant as it emphasizes the inherent tension involved in the government's attempts to restructure and transform the state, in light of internal and external pressures, while maintaining and/or operating through a 'governmental' framework – for example, introducing agencification and marketization into the civil service within a credible framework of ministerial responsibility to Parliament. This section seeks to examine the JUG agenda through four inter-linked issues outlined above as being central to governance theory – control, co-ordination, accountability and power.

Control and co-ordination

Taking control and co-ordination together, it is evident that the co-ordination of a wide variety of organizations and actors is a complex task. The centre is attempting to strengthen its levers of control while working through an increased number of bureaucratic linkages and across a fragmented structure. In this context, Downs' (1967) laws of bureaucracy (imperfect control, lessening control, diminishing control and counter

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control) are pertinent. This issue can be demonstrated from a number of perspectives. From a cultural/organizational perspective it is clear that within Whitehall power resides in departments of state:

> What is often underestimated is the extent to which departments have characteristics and, indeed, characters. Departments are to a very great extent coloured in their attitudes by the last major reform that they undertook (Williams, S, 1980, p. 92).

Peter Mandelson's belief that a 'super minister' without portfolio based in the Cabinet Office could tackle 'wicked' issues such as housing or drug abuse foundered because ministers acquire power from the size, status and functions of their department (Mandelson and Liddle, 1996, p. 245). And yet departments of state are by no means neutral responsive bureaucratic organizations. The PIU is correct to emphasize the significance of the traditional Whitehall culture. Although a contested concept, the Whitehall culture shapes the actions and attitudes of officials. Beneath the general Whitehall culture distinct departmental cultures exist which combine grounded philosophical beliefs with established policy framworks and are heavily influenced by organizational structures.

Smith, Marsh and Richards note 'Essentially, department cultures are structured patterns that provide the framework within which officials and ministers act' (2001). In light of this, any attempts to alter the culture of officials, and the incentive structures which are designed to achieve this, must accommodate or at least take into account these distinct departmental cultures. Governance revolves around the manipulation of incentives for the participants of complex networks with the centre working via negotiation and compromise rather than hierarchy and law. And yet the historical institutionalist approach views governing as path-dependent and influenced by embedded precepts (Thelen *et al.* 1992). Policies that have worked in the past, according to this approach, have more chance of working in the present. Historical institutionalism therefore emphasizes inertia in the policy process and highlights factors that contemporary reforms to produce JUG will have to overcome. Moreover, the strength and impact of cultural issues within the civil service has not received the analysis it deserves; but given the civil service's resistance to change in the past, manifested in the partial failure of previous reform programmes, it is possible that the PIU has underestimated the complexity and challenges of occasioning meaningful cultural change within Whitehall.

Clearly, the culture of the civil service is constructed around the political configuration of the Whitehall–Westminster model. Civil servants have no legal personality and are responsible only to their minister. This is enshrined in constitutional convention and its enduring influence is displayed in the government's continuing refusal to abolish the limitations imposed on agency chief executives who appear before select committees. The system was designed to and continues to serve ministers. Officials

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attend inter-departmental policy meetings in order to protect their 'turf' and inform their minister of any potentially damaging consequences for their department of another's proposed action. As Donoughue (1987, p. 16 quoted in Taylor 2000, p. 49) remarked, 'The conduct of British government involves a process of continual inter-departmental debate which frequently turns into intense and protracted trench warfare'. The interests of the department and minister have been equated with maximizing budgets, functions and personnel. Officials therefore view the thought of voluntarily ceding these factors in the name of cross-departmentalism as anathema. When Richard Crossman, newly appointed as Minister of Housing and Local Government in 1964, surrendered responsibility for physical planning to another department, he was immediately assailed by his Permanent Secretary, Evelyn Sharpe, on the grounds that he had significantly weakened the capacity and standing of the department (Kavanagh and Richards 2001, p. 1). The interaction between culture, politics and policy action can often be negative as officials believe they, and not ministers, 'know best'. For example, research within the Department of Social Security (DSS) indicates that significant tension existed between senior officials and the Secretary of State for Social Security between 1997 and 1998 (Harriet Harman) due to her willingness to reallocate functions and personnel to other departments if she thought that it would deliver improved policy outcomes (for example, the Working Family Tax Credit and Contributions Agency).

The notion that departmental ministers can also assume responsibility for strategic cross-departmental issues is not based on encouraging recent precedents. For example, in addition to being Secretary of State for Social Security, Harriet Harman was Minister for Women. Drawing on empirical research within the DSS, it is suggested that combining these roles was extremely problematic. In particular, senior officials, mostly male, failed to take on issues assigned to them by Ms Harman in her capacity as Minister for Women with anything like the vigour demanded. Senior officials appear not only to have failed to understand the link between the social security system and women's issues but, more importantly, did not really think that women's issues were something that the Secretary of State for Social Security should be involved in. A senior official in the DSS stated: '...it was perceived by the department, I think, as an unwarranted burden on a minister who was already too busy (1998)'. It has been suggested that this view was prevalent and frequently resulted in direct disregard for ministerial instructions. For example, it took several months and many instructions before the department created a dedicated Women's Unit. This lack of bureaucratic support led Harriet Harman to devote an increasing proportion of her time to women's issues which, in turn, increased tensions within the DSS. (The Women's Unit was immediately transferred to the Cabinet Office on Harriet Harman's departure from the government.)

Cultural challenges are exacerbated by the political dimension of Whitehall reform. It is not clear how the PIU's recommendations will solve

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'departmentalitis' – the tendency for ministers to become obsessed with their own department's objectives (see Ponting 1986, p. 102). Ministers' ambition means they are unlikely to pursue interests which do not deliver benefits to them directly. On occasion, ministers may actively seek to thwart cross-departmental policies in order to damage a cabinet rival and/or enhance their own position. More broadly, the political system itself is a disincentive to cross-departmental working. Ministers often want to see measures that produce results in the short rather than medium or long term because of the pressures of the electoral cycle (Cabinet Office 1999d, para. 4.2). Within the electoral cycle, cross-departmental working is complicated by reshuffles and resignations. It might therefore be argued that meaningful progress in the sphere of 'joined-up' policy making will depend on specific historical and political junctures – 'windows of opportunity' (Richards and Smith 1997). The election of the Labour government in 1997 may be interpreted as such a 'window'. A new Cabinet was made up of individuals who had worked together for many years in shadow teams, had held several shadow portfolios yet few of whom had held ministerial office previously and were bolstered by a large and loyal parliamentary party. A senior DSS official (1998) noted:

> It was very true when ministers came in and it was positive that they had been working very closely with each other in opposition and were disciplined on coming into power and when initially they were either asked to write or received letters to and from other ministers which said 'Get your tanks off my lawn. This issue does not concern your objectives!' they were genuinely and rather encouragingly pained as they thought they were still all colleagues.

The argument is that the window of opportunity will close as Cabinet rivalries intensify, departments convince their ministers of the importance of 'departmental' objectives and the heavy workload of ministerial office reduces the amount of informal contact between ministers. The crucial question is therefore what happens when the 'window of opportunity' closes and ministerial support for JUG wanes?

The PIU report would advocate the role of the centre in refereeing interdepartmental conflicts and maintaining a focus on cross-cutting goals. Successful governance is dependent on effective conflict management. However, the pro-active role of the centre may frustrate expected levels of departmental autonomy, much to the annoyance of ministers (while also heightening concern about a 'control freak' tendency at the centre). Research conducted within Whitehall in 1998 and 1999 suggests that departments continue to resent central interference. Moreover, the relationship between the small issue-orientated units based within the Cabinet Office and No. 10 and a number of departments appears problematic. Their presence within Whitehall is resented because they have been created to compensate for the failure of departments to tackle these issues. Many senior

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officials within departments perceive these units as lacking the necessary specialist knowledge, particularly in the area of implementation, to design realistic policies. A senior official in the Home Office (1999) stated, 'The general view towards the small central units is that they are ephemeral and should not be taken too seriously'. And yet it is clear from the wider literature that network management is fated if key actors are not committed.

The creation of new issue-based cross-departmental units to provide horizontal linkages between vertical bureaucratic structures also raises questions of administrative complexity and unintended consequences (see Rhodes 2000a, 2000c). The current reforms are not substituting old structures with new but, on the contrary, are imposing new layers and mechanisms upon the existing framework. It is therefore possible to identify the evolution of a complex matrix within central government. A programme of reform intended to increase efficiency and effectiveness may therefore deliver the unintended consequences of increased costs, more bureaucracy, reduced flexibility and pluralistic stagnation. For example, the role of the Treasury is clearly changing (Lipsey 2000). And yet there is no mention in the PIU's recommendations of how differences of opinion between the Treasury and No. 10 would be resolved and, at present, the precise role of, and relationship between No. 10, the various parts of the Cabinet Office and the Treasury, is unclear. Consequently, it is unclear how 'the centre' will communicate coherently with departments to underpin the JUG programme – an issue that the Centre for Policy and Management Studies is currently examining.

Accountability

Governance theory reconsiders traditional approaches to the issue of democratic accountability. The surfeit of literature that laments the democratic deficit provides evidence of how changes in British government have become increasingly difficult to reconcile with traditional processes of accountability (Barberis 1998). At the central level, ministerial responsibility to Parliament was never designed to cope with multi-organizational, fragmented policy systems (Rhodes 1997, pp. 21–2). However, initiatives to foster cross-departmental working are likely to eviscerate ministerial responsibility by increasing institutional hybridity within the central state and blurring departmental boundaries. For example, in July 2000, Home Office Minister Paul Boateng was appointed as the Minister for Young People. He reported to a new Cabinet Committee on Children and Young People's Services and was supported by a new Young People's Unit. However, the Young People's Unit was based not in the Home Office but in the Department for Education and Employment. The 2000 Comprehensive Spending Review made it clear that the Home Office minister was responsible for the day-to-day running of the new Unit. In this respect, a central insight of governance theory is that traditional notions and forms of accountability need to adapt in the light of the evolving state form.

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Extant mechanisms of accountability, however, largely structured around individual departments, reinforce departmentalism (Flinders 2000a). As the *Wiring it up* report makes clear, cross-cutting policy demands new forms of accountability and scrutiny which do not inhibit inter-organizational working, reinforce boundaries or prevent sensible risk-taking (see Cm 4310, 1999, para.11). As Sir Richard Wilson commented, 'We want to look at our concepts of accountability and make sure they do not reward too highly the "safe" way of doing things' (1999, p. 18). It is clear that traditional frameworks of accountability are evolving (Flinders 2001). Select committees have launched joint inquiries to examine cross-departmental polices (see HC 225, Session 1999–2000) but this has proved problematic (see HC 300, Session 1999–2000, paras. 64–7) and, overall, accountability mechanisms focus on departmental targets. As a consequence, departments face a powerful incentive to concentrate on 'their' policies and have little incentive to work with other departments or organizations. Some of the mechanisms of parliamentary accountability are inevitably tied into party political point scoring and the 'theatre' of the UK House of Commons which obviously discourages ministers and officials from launching innovative and complex policies.

If cross-departmental working is taken to its logical conclusion the departmentally related select committee structure would have to be reformed to reflect cross-cutting policies. In effect the House of Commons needs to create its own matrix structure with departmentally related committees scrutinizing the vertical structure of government while also increasing the number of thematic committees to oversee the horizontal structure of cross-departmental policies (Brazier 2000). JUG replaces individual ministerial responsibility with collegiate responsibility among any number of ministers. The fear would be that, without parliamentary reform, responsibility would become opaque as ministers attempted to shift responsibility to other ministerial stakeholders. The constitutional position of the civil service may also demand formal revision. Officials may increasingly be subject to conflicting and overlapping loyalties (Langford 1984). So the creation of a matrix structure in which the vertical structure of departments are co-ordinated by centrally based horizontal units may provide a flexible dimension to traditional government structures (Hogwood and Gunn 1984, p. 210). But at the same time, without concomitant reforms elsewhere in the constitutional infrastructure, the clarity of the relationship between officials and ministers and ministers and parliament risks becoming increasingly uncertain.

Power

The Westminster model posits some crucial, if implicit, assumptions about the position and nature of power in central government. However, governance theory seeks to offer more complex theoretical and analytical representations of the state and the position of power within it. The governance

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perspective questions traditional understandings of what constitutes state power. 'Rather than relying on their legal and constitutional capabilities, states in a governance perspective derive their strength more from co-ordinating public and private resources, broadly defined. Traditional legal "powers over" are replaced by contextual "powers to"' (Pierre and Peters 2000, p. 9). As Smith (1998) illustrates, the Westminster model involves crude assumptions about the nature of power: its tendency to see power in false dualities; its view of the executive as having a monopoly of power; and, power being essentially a zero-sum game. Governance theory reconceptualizes power in central government. It suggests that simple notions of power that are hierarchical and zero-sum are inadequate, largely because traditional structures have given way to complex networks in which power is a fluid positive-sum concept and a resource held by all actors. This perspective would seem to reflect the challenges of JUG more realistically than traditional approaches. JUG, like governance, revolves not around command and formal hierarchy but rather around negotiation and management within complex networks. Consequently, the modernization agenda is constructed on the premise that the rhetoric of JUG will only become reality if all the actors in the networks (ministers, civil servants, public/private/voluntary bodies, interest groups) employ their resources [power] in order to realize these ambitions. This power dependency acceptance seems paradoxical in the light of the undoubtedly centralizing thrust of the reforms. As Rhodes and Bevir (1999, p. 231) stress, they aim to co-ordinate the departmental cages, a centralizing measure, and to impose a new style of management on other agencies, a central command operating code. However, networks are often constructed on more flexible and devolved models. This presents an obvious tension which has not yet been addressed. The Cabinet Office has not yet clarified how the centre is to relate to local authorities, regional bodies and quasi-autonomous bodies for purposes of implementation and control.

In addition, the current proposals fail to mention the existence of statutes that ascribe functions to designated departments, thereby frustrating central intervention. Nor do they appreciate that any attempt to influence departmental policy by the centre is likely to be challenged by members of the established policy network through judicial review (Flinders 2000b). The power of the centre to intervene and co-ordinate is therefore subject to a number of formal and informal limitations. Such an appreciation would appear to sit more comfortably within the 'differentiated polity' perspective of the state that governance theory supports rather than the traditional Westminster model.

CONCLUSION

Governance theory provides a suitable conceptual and theoretical framework for analysing the attempts to increase inter-organizational policy making within Whitehall, not least due to the fact that it focuses attention on

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issues of control, co-ordination, accountability and power. This article has only been able to offer a preliminary analysis of what is a far-reaching reform agenda. Despite this it is possible to locate and interpret the response of the Labour government within the range of perspectives and approaches to be found within the wider literature. Not surprisingly, JUG can be interpreted as a state-centric response to the challenges of governance. It defines the nation state as the locus of legitimate and considerable power even if the mechanisms through which that power is exercised demand refinement. The Cabinet Office's reforms would also fit into the Rhodes (2000b, pp. 72–4) 'instrumentalist approach' to central network management. Essentially, it is a top-down model of network steering, recognizing the dominance of central government departments while accepting the constraints imposed by networks. The instrumentalist approach believes in the centre's capacity to devise new tools of governance to ensure co-operation between network members and to deliver governmental objectives. Rhodes interprets the government's zeal for JUG as epitomizing the long-standing Fabian tradition in the Labour Party which remains faithful to the potential of administrative engineering. However, as identified above, a central problem with this approach is the centralizing thrust which may produce conflict with network members who crave greater flexibility and freedom. At the same time, pursuing social goals through governance structures must provide the capacity for governments to translate public preferences into public and political action (see Pierre and Peters 2000, pp. 193–209). Governance as an approach to governing therefore contains mutually contradictory elements. Centrifugal pressures emphasize a consensual and pluralist policy style while centripetal considerations require a degree of centralism and dominance by the centre (see Gamble 2000).

It would appear that the view of the Labour government and many civil servants is that *holding back* the pressures of governance is not an option (Pierre and Stoker 2000, p. 45). Indeed, many of the government's constitutional reforms (devolution and incorporation of the European Convention of Human Rights, for example) are likely to exacerbate the challenges of governance (Flinders 2000b). The response of the British political elite is instead to concentrate on *managing* governance through the management of complex networks directed by a central core. From this it is possible to highlight a number of interlinked issues. First, governance theory explains the increasing contrariety between constitutional theory and practice. The tension arises from attempts to construct a governance system of public policy based upon steering complex networks within a credible 'governmental' framework. In reality, such a strategy is doomed. The malleability of the British constitution has arguably been exhausted and the fault lines that have always existed are increasingly and crudely visible. Consequently, and secondly, the modernizing government agenda cannot be contained within Whitehall. It challenges many of the basic foundations of the Whitehall–Westminster model. Finally, joining-up government is an

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ambitious commitment. It rests upon controlling complexity. The insights of governance theory are therefore crucial to this project as they offer a more reflective and realistic representation of the processes of governing within and beyond the central state.

Possibly the most fundamental debate in the governance literature revolves around whether the power of the nation-state has been eviscerated. Or, alternatively, whether states continue to enjoy their traditional powers but must exercise them through re-engineered governing processes. The Labour government's reforms in the sphere of JUG may be construed as an attempt to alter governing processes in order to reassert the power of the central actors. The question then arises of what happens if JUG fails? Moreover, what might the failure of JUG indicate for the capacity of the nation-state to respond to the challenges of governance? The literature on this point is somewhat pessimistic. Rhodes reminds us that to some degree all governing structures fail (Rhodes 2000b, p. 161). Pierre and Stoker (2000, p. 43) note: 'The idea of governance failure should not surprise us since both the "state" and the "market" are known to fail to some degree'. Jessop (1999) suggests that the existence of diametrically opposed interests within networks may make failure inevitable – whatever governance structure is employed. And yet the pressures of governance on the state derive not least from the fact that the public expects the state to deliver more at a time when the state's capacity to deliver is arguably diminishing. Moreover, the failure of JUG might be seen as symptomatic by the public of the state's inability to address key issues of social concern. Public faith in the institutions of representative government – what Evans (1997) has termed 'stateness' – could be further eroded. Further, the failure of JUG may emphasize society-centric over state-centric governance perspectives while also reopening considerations upon the limits of admistration (Hood 1976).

However, it is too early to predict the trajectory of the Labour modernization agenda and it is unfair to be overly pessimistic. There are elements of the Labour government's attempt to address cross-cutting issues which do differ from past initiatives. Previous attempts to nurture JUG tended to focus on institutional or procedural devices whereas the current plans emphasize meaningful cultural change (Wilson 2000). It is also important not to underestimate the dynamics of the current government, in particular the Blair/Brown axis, and the potential this provides to mitigate the obvious strength of departmentalism. Moreover, the JUG project takes place at a time when there is an increasing awareness both within and beyond the United Kingdom of the need for cross-cutting policies and objectives (Hayward and Wright 2000).

The PIU's report represents an attempt to increase the centre's capacity for steering, co-ordination and control in an increasingly fragmented state. However, as a blueprint for reform, it is historically blinkered. It fails to account for the failure of similar initiatives in the past. Paradoxically, it is the existence of relatively stable functionally distinct departments of state

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with culturally entrenched preferences for policy and action which represent the greatest obstacle to JUG. The long-term solution may therefore be more radical than the PIU suggests. A more radical but progressive reform strategy might involve the gradual brigading of ministerial portfolios around cross-cutting objectives – in a manner similar to that of the Scottish executive. Parliamentary committees could evolve to mirror ministerial posts rather than strict departmental lines. A committed Prime Minister and Cabinet could launch a programme by which departmental structures were amalgamated and reformed around objectives rather than functions – however, this may simply present a mirror-image of traditional and current difficulties. The modernizing government agenda proposes a new and more creative approach to policy making. Although selective, the use of comparative research is refreshing and yet the PIU's proposals are typically British – stressing the familiar themes of continuity and change (see Flinders 2000c).

The work of the PIU continues to seek to identify and respond to the challenges of modern governance for British central government. Its Strategic Challenges Project (Cabinet Office 2000c) declared: 'that government's effectiveness in coping with future challenges will be determined by its structural agility, the robustness and flexibility of its institutions and its openness to new ideas. One of the biggest challenges for the future therefore is how to get *governance* systems right' (emphasis in the original). However, it is clear that a radical change in the way public policy is designed and implemented in the United Kingdom may well demand a more deep-seated reappraisal of the structure of Whitehall and the dominant values of the British political elite.

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CONTINGENT AND NON-CONTINGENT WORKING IN LOCAL GOVERNMENT: CONTRASTING PSYCHOLOGICAL CONTRACTS

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Given that the contingent worker is likely to be a familiar presence in the public service workplace of the future, this paper explores the consequences of contingent work arrangements on the attitudes and behaviour of employees using the psychological contract as a framework for analysis. Drawing upon survey evidence from a sample of permanent, fixed term and temporary staff employed in a British local authority, our results suggest that contract status plays an important role in how individuals view the exchange relationship with their employer and how they respond to the inducements received from that relationship Specifically, contingent employees are less committed to the organization and engage in organizational citizenship behaviour (OCB) to a lesser degree than their permanent counterparts. However, contrary to our hypothesis, the relationship between the inducements provided by the employer and OCB is stronger for contingent employees. Such findings have implications for the treatment of contingent and non-contingent employees in the public services.

INTRODUCTION

Reflecting broader trends in the pattern of employment both at home and abroad (Bureau of Labor Statistics 1995; International Confederation of Temporary Work Businesses 1998; De Grip, Hoevenberg and Willems 1997), public sector employers in Britain have increasingly been utilizing contingent forms of working (Sly and Stillwell 1997; Hegewisch 1999). Given that the contingent worker is likely to be a familiar presence in the public service workplace of the future, it becomes important to explore the consequences of contingent working arrangements on the attitudes and behaviour of employees. Indeed, for public service organizations that essentially provide services, such attitudes and behaviours are likely to be particularly significant in determining the quality of service provision, the extent to which user needs are fulfilled and whether 'corporate' objectives are met.

Contingent employment has been broadly defined by Polivka and Nardone (1989) as 'any job in which an individual does not have an explicit or implicit contract for long term employment and one in which the minimum hours can vary in a non-systematic manner' (p. 11). This definition is

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echoed by that of Zeytinoglu and Norris (1995) who view contingent workers as those without an explicit or implicit understanding that employment will be ongoing even assuming satisfactory performance by the individual and the organization. A distinguishing feature of contingent employment, therefore, is the absence of a continuous relationship with the employer (McLean Parks, Kidder and Gallagher 1998). Permanent part-time employees are excluded from the categorization of contingent employees, as their employment relationship is continuous despite working fewer hours per week than their full-time counterparts. More specifically, contingent working is usually seen to embrace particular forms of working, and these include casual, agency and fixed-term contract employment.

Viewed in these terms, the incidence of contingent working in the public sector is noteworthy in a number of respects. First, the use of contingent working is increasing modestly but decisively. Labour Force Survey data suggest that between 1992 and 1996 the percentage of temporary employees in public administration, education and health rose from 8 per cent to 10 per cent (Sly and Stillwell 1997). Moreover, Hegewisch (1999), reporting on a survey of almost 300 employers in local government, health and central government, notes the 'increasing' use of temporary employment. Thus, between two-thirds and three-quarters of respondents, depending on subsector, suggest that the use of such employment will increase in the future although this might overstate the situation somewhat given a subsequent and recent shift from compulsory competitive tendering towards 'best value'.

Second, this form of working is particularly prevalent in the public sector relative to the private sector. Certainly, the proportion of workplaces using some form of contingent employment is slightly higher in the private than the public sector (Culley, Woodland, O'Reilly and Dix 1999, p. 35). Indeed, with the exception of fixed-term working, which is markedly more common in public (72 per cent) than private (34 per cent) sector workplaces, other forms of contingent working such as temporary employment and subcontracting are more likely to be present in the private sector. However, in terms of numbers, and more especially the proportion of staff working on a contingent basis, the relative significance of this form of employment becomes particularly apparent. In 1996, around 10 per cent of the public sector workforce were in temporary employment compared with 6 per cent in the private sector (Sly and Stillwell 1997, p. 352). There are over 650 000 temporary employees in the public services, the next largest industrial concentration being found in distribution, hotels and restaurants, with just under 300 000 (*Labour Market Trends* 2001). In fact, well over a third (38 per cent) of temporary employees are to be found in public services, by far the largest single industrial concentration (Sly and Stillwell 1997, p. 352). Finally, certain forms of such working appear to be largely a public sector phenomenon. Over half (53 per cent) of fixed-term contract employees are employed in public administration, education and health. The next largest

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industrial concentration is found in banking and finance, which utilizes 12 per cent of such employees.

Of course, given the diverse nature of the activities carried out by employees in the public sector, some variation in the incidence of contingent employment between different sub-sectors might be expected. This is indeed the case with this form of employment, being particularly evident in parts of local government. Specifically, temporary employment is much more likely to be found in education, one of the major local government services, than in public administration or health. Around 16 per cent of employees in education are temporary employees compared to only 7 per cent in health and 6 per cent in public administration (Sly and Stillwell 1997).

The increasing presence of contingent working in the British public sector raises a number of crucial issues for policymakers, practitioners and academics. These touch in part on how and why this form of working has been utilized to further organizational goals. Such concerns informed early debates on labour utilization strategies in the private sector as reflected in work on the 'flexible firm' model (Atkinson 1984). This work tended to associate contingent working with peripheral or non-core employees; that is, those less central to the organization's central activity. However, more recent research has stressed that such working might also be used in relation to core workers as a means of making short-term adjustments to fluctuating product or service demands (Cully *et al.* 1999, p. 38). In this respect, it is interesting to speculate on the use of different forms of contingent working across the range of local authority services and the various types of employee. Thus, there are grounds for suggesting that such working might be applied to both non-core workers in areas such as office cleaning and catering as well as in core areas such as educational provision, albeit for very different reasons.

More profoundly perhaps, the extensive and increasing use of contingent working raises issues relating to the attitudes and behaviour of the staff employed on this basis. Indeed, given that public service organizations are essentially providers of service through the activities of their staff, the attitudes and behaviour of contingent employees are likely to have a particularly direct and immediate impact on the character and quality of organizational activities. Our work focuses on this concern with employee attitudes and behaviour. Two key questions arise, providing the specific focus for the research undertaken as the basis for this article: first, do contingent employees have less positive attitudes and behaviour than their permanent counterparts? Second, does contract status (contingent/permanent) moderate the relationship between attitudes and organizational citizenship behaviour? We develop hypotheses to address these research questions and empirically test them using a diverse sample of contingent and permanent public sector employees. Subsequently, we discuss the implications for the management of contingent public sector employees.

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Permanency represents a fundamental demarcation between the traditional and contingent worker (Polivka and Nardone 1989; Zeytinoglu and Norris 1995), which, in turn, might be viewed as having significant consequences for how these different types of worker come to view the employment relationship. Organizational researchers have seen employment as the trade of effort and loyalty in return for benefits such as job security, pay, fringe and socio-emotional benefits. Social exchange theory provides a conceptual basis for understanding the employee-employer relationship and asserts that as a result of different inducements from the organization, contingent employees are less likely to have positive relationships with their employer compared to permanent employees (Rousseau 1997). For example, contingent employees cannot expect long-term job security and may have reduced opportunities for training and career development than their permanent counterparts. The psychological contract, which falls within the domain of social exchange, is receiving increased research attention as a framework for understanding the employment relationship at the individual level.

THE PSYCHOLOGICAL CONTRACT

Although there has been a resurgence of interest in the psychological contract, it is by no means a new concept. The renewed interest in the construct was no doubt stimulated by the seminal work of Rousseau (1989); its historical roots can be traced to Barnard's (1938) work on 'co-operative systems'. Underlying Barnard's (1938) view of co-operative systems is the theory of equilibrium that adopts an exchange perspective in describing the organizational conditions necessary for employee contributions. This exchange perspective is echoed in the work of March and Simon (1958), Argyris (1960) and Schein (1965) (for a review of the historical development of the construct, see Roehling 1996). The conceptual development of the psychological contract culminates in the work of Rousseau (1989) who defines the psychological contract as 'an individual's beliefs regarding the terms of conditions of a reciprocal exchange agreement between the focal person and another party' (Rousseau 1989, p. 23). In other words, such a contract relates to employees' beliefs regarding the mutual obligations that exist in the context of the employee-employer exchange.

Psychological contracts are based on perceived promises; that is, a communication of future intent (Rousseau 1989). Two factors are highlighted as critical to the formation of psychological contracts: (1) external messages from the organization; and (2) personal interpretations and dispositions (Rousseau 1995). It is the creation, change or violation of psychological contracts that have a powerful effect on individual attitudes and behaviour. The underlying explanatory mechanism is the norm of reciprocity (Gouldner 1960) whereby employees reciprocate employer treatment. Employees who perceive that their employer has failed to fulfil their obliga-

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tions are likely to reciprocate by withdrawing (to varying degrees and in a variety of forms) their contributions to the exchange relationship.

Prior research has demonstrated that perceptions of contract breach are relatively common. Robinson and Rousseau (1994) found that 55 per cent of their sample of MBA graduates perceived that their organizations had failed to fulfil one or more promised obligations. Turnley and Feldman (2000) found 81 per cent of respondents who reported receiving less than they were promised on at least one of the promises made in a diverse sample of managers that included state agency managers. Coyle-Shapiro and Kessler (2000) reported that 78–89 per cent of UK public sector employees experienced contract breach to varying degrees. A more optimistic picture of the psychological contract of public sector employees is presented by Guest and Conway (2000). Based on a sample of NHS, central and local government employees, the authors find that 65 per cent of employees believe that promises relating to job security have been fully kept, the remaining 35 per cent having experienced unfulfilled promises to some degree. They do, however, highlight important variations in the state sector in the psychological contract between different sub-sectors. Employees in the civil service, for instance, are more likely to claim that promises have not been met than those in local government or the health service.

As to whether contract breach matters, there is empirical evidence across diverse samples that contract breach is associated with reduced job satisfaction (Robinson and Rousseau 1994), reduced organizational trust (Robinson 1996), reduced organizational commitment (Coyle-Shapiro and Kessler 2000; Liao-Troth 1999), reduced willingness to engage in organizational citizenship behaviour (Coyle-Shapiro and Kessler 2000; Robinson and Morrison 1995; Turnley and Feldman 1999) and decreased in-role performance (Robinson 1996). Overall, the emerging conclusion from this evidence is that psychological contract breach has a significant effect on employee attitudes and behaviour.

Psychological contracts of contingent employees

Van Dyne and Ang (1998) argue that contract status is a major factor in determining the exchange relationship since it is likely to influence how employees perceive employer obligations in terms of job security, access to training and opportunities for career development. For permanent employees, the content of the psychological contract would include a broader array of obligations compared to contingent employees who should by the very nature of their contract status perceive fewer and a narrower range of employer obligations. For example, contingent employees would be less likely to believe that their employer is obligated to provide job security, opportunities for career development and skill development than their permanent counterparts. Extending this to employer inducements, we would expect contingent employees to be the recipients of fewer organiza-

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tional inducements than their traditional counterparts (Van Dyne and Ang 1998). We examine this with the following hypotheses:

Hypothesis 1a Contingent employees will hold fewer employer obligations than permanent employees.

Hypothesis 1b Contingent employees will be the recipients of fewer employer inducements than permanent employees.

Attitudes of contingent employees

As a consequence of less positive exchange relationships, contingent employees are likely to hold less favourable attitudes toward their employer. Eisenberger and colleagues (1986) developed the concept of perceived organizational support to capture an organization's commitment to employees. The notion of perceived organizational support argues that 'employees develop global beliefs concerning the extent to which the organization values their contribution and cares about their well-being' (Eisenberger, Huntington, Hutchison and Sowa 1986, p. 501). Shore and Shore (1995) suggest that discretionary practices that imply an investment by the organization in an employee are likely to enhance an employee's evaluative judgement of the organization's commitment to them. Wayne, Shore and Liden (1997) found empirical support for the positive relationship between developmental experiences and perceived organizational support. In other words, employees who had received greater formal or informal training and promotion than others reported higher levels of perceived organizational support. Allen, Shore and Griffeth (2000) indicate that human resource practices such as promotion opportunities and job security would also lead to the development of perceived organizational support. Therefore, the emerging evidence suggests that supportive human resource practices are important antecedents to employee perceptions of the organization's commitment to them as individuals. As contingent employees are less likely to be recipients of supportive HR practices, they are less likely to perceive themselves as being valued by the organization. Consequently, we hypothesize:

Hypothesis 2 Contingent employees will report lower perceived organizational support than permanent employees.

Organizational commitment describes an individual's identification, involvement and loyalty to the employing organization. In fact, although numerous definitions of organizational commitment have been advanced in the literature, the distinction amongst these definitions lies in whether organizational commitment is conceptualized as an attitude or behavioural investment (Mowday, Porter and Steers 1982). Mathieu and Zajac (1990) conclude that attitudinal commitment and calculative commitment represent separate constructs. We adopt an attitudinal definition of commitment since the predictive validities of attitudinal commitment seem to be

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higher than those for calculative commitment (Mathieu and Zajac 1990; Meyer and Allen 1997). Empirical research investigating the antecedents of organizational commitment suggest that training, promotion and perceived organizational support are likely to enhance the development of organizational commitment (Gaertner and Nollan 1989; Settoon, Bennett and Liden 1996; Tannenbaum, Mathieu, Salas and Cannon-Bowers 1991). By definition, contingent employees have no reason to expect a long-term relationship with the organization but rather experience an uncertain relationship that brings with it fewer organizational inducements. The following hypothesis examines this:

Hypothesis 3 Contingent employees will report lower organizational commitment than permanent employees.

Organizational Citizenship Behaviour of contingent employees

Organizational Citizenship Behaviour (OCB) has been defined as 'behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in aggregate promotes the effective functioning of the organization ... the behavior is not an enforceable requirement of the role or the job description ... the behavior is a matter of personal choice' (Organ 1988, p. 4). The definition implies that the behaviour is voluntary, not prescribed as part of an individual's job responsibilities, is largely unconstrained by organizational systems, has positive consequences and that the organization is the beneficiary of such behaviours. The implications of citizenship-type behaviour for effective organizational functioning was recognized long before the term OCB was introduced (Barnard 1938; Katz and Kahn 1978). Since then, a number of studies have examined and confirmed the link between OCB and organizational effectiveness (Podsakoff, Ahearne and MacKenzie 1997; Podsakoff and MacKenzie 1992).

The determination of the motivational basis of OCB has occupied a substantial amount of research attention. One of the dominant frameworks used to examine OCB is grounded in social exchange in which OCB is viewed as a form of behavioural reciprocation. Although different attitudinal variables have been used in different studies, a general underlying explanatory mechanism exists which is based on the concept of social exchange (Blau 1964) and the norm of reciprocity (Gouldner 1960). In other words, positive beneficial actions directed at employees by the organization create an impetus for employees to reciprocate in positive ways through their attitudes and/or behaviours. When employees feel they have been well treated by the organization, they are likely to reciprocate by engaging in OCB (Coyle-Shapiro, Kessler and Purcell 1999). Contingent workers are likely to view the inducements they receive as manifesting underinvestment or calculated involvement by the organization. This type of employer involvement is likely to be reciprocated by a calculated involvement from contingent employees where they withdraw discretionary work behaviours and focus on fulfilling required duties and no more. As these

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behaviours are discretionary, contingent employees can withdraw them without negative consequences since these behaviours fall outside formally defined job responsibilities.

Hypothesis 4 Contingent employees will engage less in organizational citizenship behaviour than permanent employees.

Contract status as a moderator

In the preceding section, we discussed differences in the psychological contract, perceived organizational support, organizational commitment and organizational citizenship behaviour between contingent and non-contingent employees. We now propose that contract status moderates the relationship between attitudes and organizational citizenship behaviour. First, we discuss the linkages between the attitudes and organizational citizenship behaviour. Subsequently, we discuss the moderating role of contract status.

Perceived organizational support has been positively linked to various forms of organizational citizenship behaviour (Eisenberger, Fasolo and Davis-LaMastro 1990; Shore and Wayne 1993; Wayne, Shore and Liden 1997). Eisenberger, Fasolo and Davis-LaMastro (1990), adopting a social exchange framework, argue that high levels of perceived organizational support creates an obligation to repay by engaging in behaviours that support the organization. A number of studies also find empirical support for the link between organizational commitment and OCB (Meyer, Allen and Smith 1993; Moorman, Niehoff and Organ 1993; Organ and Ryan 1995; Pond, Nacoste, Mohr and Rodriguez 1997). The argument presented is that employees who feel emotionally attached to the organization will have a greater motivation or desire to make a meaningful contribution to the organization (Meyer and Allen 1997). Turning to the psychological contract, empirical evidence supports a positive relationship between contract fulfilment and organizational citizenship behaviour (Coyle-Shapiro and Kessler 2000; Robinson and Morrison 1995), perceived employer obligations and helping behaviour (Van Dyne and Ang 1998) and contract violation and organizational citizenship behaviour (Turnley and Feldman 1999, 2000).

The preceding discussion provides empirical support for expecting a positive relationship between perceived organizational support, organizational commitment, psychological contract and organizational citizenship behaviour. We hypothesize that contract status will moderate the relationship between attitudes and organizational citizenship behaviour. In other words, the relationship between attitudes and behaviour of permanent employees will be stronger than that of contingent employees. As contingent employees cannot expect a long-term relationship with the employer, we would expect the relationship between attitudes and behaviour (e.g. OCB) to be weak. Contingent employees are likely to be less psychologically involved in the organization, which may reduce the salience of attitudes

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toward the organization, that in turn may weaken the link between attitudes and behaviour.

Hypothesis 5 The relationship between perceived organizational support, organizational commitment, employer obligations, employer inducements and organizational citizenship behaviour will be moderated by contract status such that the relationship will be stronger for permanent employees than for contingent employees.

RESEARCH METHODOLOGY

The research was carried out in a local authority in the South East of England. More specifically, the authority was a shire county, that is, an administrative subdivision responsible for the provision of the full range of local government services, including education, social services, highways' maintenance, home care for the elderly and fire-fighting. This provided an opportunity to explore the psychological contract across the full range of occupational groups in local government and ensured that contingent workers concentrated in key services such as education and social services were covered in the research.

Following a period of political and financial stability and indeed relative economic well-being throughout the 1980s, the authority was subject to a range of difficulties in the decade that succeeded. These included a period of political uncertainty as the ruling Conservative Party on the council lost overall control; an economic crisis with a looming financial deficit; and a pressing need to respond to performance measures imposed by central government. The authority's response to these combined pressures saw a fairly radical change in the general structure and operation of the council. A relatively small number of integrated service-providing departments, regulated by established administrative procedures, were broken up into almost 900 quasi-autonomous business units driven by internal market mechanisms.

As an employer, the authority prided itself on adopting 'good practice', not least in response to local labour market realities. In the case of white collar workers, for example, the need to recruit and retain staff in an area where the cost of living – and certainly housing – were relatively high, had encouraged the introduction of car leasing and flexible benefits schemes. Indeed, the need to address such labour market pressures had led to the authority opting out of national bargaining for its white-collar staff and the introduction of performance-related pay schemes. Such opting out remains relatively rare in local government although it is in line with one of the case studies used in a similar study of employee perceptions of employment in local government (Heery 1998).

In early 1999, a questionnaire was administered to all the local authority's employees. Of the 23 000 questionnaires, approximately 6953 responded. The employee respondent sample was 79 per cent female and 47.5 per cent trade union members; average age was 43.6 years and average organiza-

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tional tenure was 9.3 years. Of the 604 employees employed on a fixed-term or temporary contract, 91 per cent were female, 7.8 per cent 25 years or under, 15.6 per cent 26–35, 57.4 per cent 36–50 and 18.8 per cent 50 or over. The overall respondent sample was found to be representative of the total employee group under investigation along a number of key demographic characteristics. A breakdown of contract status by occupation is presented in table 1. Using the definition provided by Zeytinoglu and Norris (1995), we classify employees on fixed-term and temporary contracts as contingent and treat part-time permanent employees as permanent. We excluded fire-fighters and engineers from the subsequent analysis as a consequence of the limited number employed on a contingent (as opposed to permanent) basis.

It is noteworthy that the most significant concentration of contingent workers was found amongst teachers, a likely reflection of the employment of supply teaching. However, contingency work was also found amongst other skilled white-collar employees, albeit on a lesser scale. Thus, a considerable number of social workers and 'other professionals' are included in the sample of contingent workers. The significant incidence of contingent working amongst the 'other' group is also worth noting. This category of contingent employees may well include those working in services provided by an in-house workforce but subject to compulsory competitive tendering and therefore working on the basis of a fixed-term service contract. These employees tended to be employed in the authority's Commercial Services Department and were mainly involved as unskilled or semi-skilled employees in cleaning and catering. As contingent workers, they are no longer covered by the national agreement for manual workers. This may have led them to classify themselves as 'other' rather than 'manual/craft' employees.

TABLE 1 *Composition of study sample by occupation*

Occupation	Non-contingent	Fixed-term	Temporary
Teachers	1081	110	128
Fire-fighters*	137	3	1
Social workers	335	8	16
Engineers*	74	2	0
Other professionals	493	19	20
Administrative/clerical staff	921	21	31
Technicians	88	2	4
Manual/craftpersons	194	9	14
Other	724	80	152
Total	4045	249	365

*Excluded in regression analysis.

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Measures

The scale items of all the measures are presented in the Appendix (see p. 96). The scales were constructed by taking the mean overall score of the summation of the individual items. The psychological contract was measured by capturing its two components: (a) perceived employer obligations; and (b) perceived employer inducements. Arnold (1996) raises a methodological issue regarding combining the two components of the psychological contract to arrive at an overall measure of contract breach or fulfilment. In doing so, researchers will be vulnerable to the criticism that only one of the elements is important to explaining the outcomes. To avoid this, we separate the psychological contract components and thus are able to examine the relative effects of perceived employer obligations and inducements.

Perceived employer obligations: employees were asked to indicate the extent to which they believed their employer was obligated to provide a range of items. Participants were provided with a 5-point Likert scale ranging from 'not at all' to 'a very great extent' (in addition to a 'not sure' category) along with a list of 14 employer obligations taken from Rousseau (1990) and extended to include additional obligations. These obligations include, for example, long-term job security, good career prospects, support with personal problems and fair pay in comparison to employees doing similar work in other organizations.

Perceived employer inducements: employees were subsequently asked to indicate the extent to which they felt their employer provided the same range of items.

Perceived organizational support: organizational support was measured using 7 items taken from a 36-item scale developed by Eisenberger, Huntington, Hutchison and Sowa (1986). The measure assesses how employees judge or evaluate the support of the organization and the discretionary actions the organization might take in situations that would either harm or benefit the employee. The former is captured by, for example, 'the organization values my contribution to its well-being' while the latter is assessed by 'even if I did the best job possible, the organization would fail to notice' and 'the organization is willing to help me when I need a special favour'.

Organizational commitment: organizational commitment was measured with 8 items taken from a scale developed by Cook and Wall (1980) in addition to 2 items from Meyer and Allen's (1984) scale. The negatively phrased questions from the Cook and Wall (1980) scale were omitted as previous analysis of the scale has shown the 6-item, positively worded items to be psychometrically superior (Peccei and Guest 1993). A sample of the items include 'I am willing to put myself out for ——', 'I feel a strong sense of belonging to ——'. The alpha coefficient for this scale is .89. Other investi-

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gators report alpha coefficients ranging from .82 to .86 (Peccei and Guest 1993; Peccei and Rosenthal 1997).

Organizational citizenship behaviour: citizenship behaviour was measured with 7 items assessing behaviour directed at the organization adapted from Podsakoff, MacKenzie, Moorman and Fetter (1990) and Van Dyne, Graham and Dienesch (1994). These items include, for example, 'I participate in activities that are not required but that helps the image of my organization' and 'I keep up with developments that are happening in my organization'.

Contract status: respondents were asked to indicate their contract status (permanent, fixed-term, or temporary).

Analysis

Hierarchical regression analysis was used to test the hypotheses. In order to examine whether contract status moderates the relationship between attitudes and behaviour (hypothesis 5), we first need to examine the effect of contract status on employee attitudes and behaviour (hypotheses 1–4). To do this, we regressed organizational citizenship behaviour, organizational commitment, perceived organizational support, employer obligations and employer inducements separately on a number of control variables (gender, age, organizational tenure and job tenure). To examine the effect of contract status, we entered this variable in step 2 of the equation. To examine hypothesis 5, we entered the demographic variables in step 1. Subsequently, we entered each of the predictors of OCB (perceived organizational support, employer obligations, employer inducements and organizational commitment) with their interaction term. In theory, the interaction terms are likely to correlate with the variables from which they were created. In order to reduce the multicollinearity associated with the use of interaction terms, the independent variables were centred around zero before creating the interaction terms (Aiken and West 1991). This method allows us to examine the unique contribution of each of the predictors and their interaction terms to explaining variance in OCB.

RESULTS

Table 2 presents the means, standard deviations, intercorrelations and reliabilities of the scales. All the scales demonstrated good alpha coefficients judged at .7 or higher (Hair, Anderson, Tatham and Black 1992). The standard deviations of the main study variables, ranged from .6 to 1.41, suggest that none of the measures are marked by excessive restriction in range. The largest correlation among the variables is .57 suggesting that multicollinearity was not a serious problem in this study (Kennedy 1980; Tsui, Ashford, St Clair and Xin 1995). One-way analysis of variance was conducted to assess whether significant differences exist across contract status (table 3). The results suggest that employees on fixed-term and temporary contracts

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TABLE 2 *Correlations of the main study variables for overall sample of employees*

	Mean	SD	1	2	3	4	5	6	7	8	9	10
1 Gender (0 = M/1 = F)	0 16	(0 37)										
2 Age	43 59	(9 90)	03									
3 Organizational tenure	8 57	(7 20)	08	45								
4 Job tenure	5 79	(5 78)	07	35	57							
5 Work status (0 = C/1 = P)	0 83	(0 37)	08	06	15	15						
6 Perceived organizational support	4 52	(1 41)	−09	−05	−11	−07	−08	(95)				
7 Organizational commitment	4 19	(1 11)	−01	09	03	−01	07	32	(89)			
8 Employer obligations	4 06	(0 60)	00	−06	07	03	11	−08	−05	(87)		
9 Employer inducements	2 89	(0 65)	−04	−03	04	00	15	49	37	16	(84)	
10 Organizational citizenship behaviour	4 60	(0 80)	00	.02	09	07	07	19	23	23	38	(76)

Correlations ≥.08 are significant at the .01 level.
C = Contingent employees
P = Permanent employees
Alpha coefficients are in parentheses.

TABLE 3 *Results of one-way analysis of variance*

Scale	Permanent employees	Fixed-term	Temporary	F-ratio	F-probability	Df
Perceived organizational support	4 48*	4.66	4 90	15 51	00	4446
Organizational commitment	4.24*	4 02	4.01	12 50	.00	4446
Employer obligations	4.09*	3.90	3 86	30.45	00	4446
Employer inducements	2.93*	2.71	2 61	48 75	00	4446
OCB	4.63*	4 49	4 43	10 77	00	4446

*Scheffe tests $p < .05$, indicating that permanent employees differ from the other two groups.

do not differ significantly and hence, for the subsequent analysis, the two categories were combined into an overall category of contingent employees.

The results of hypotheses 1–4 are presented in table 4. Prior to discussing the results of the hypotheses, we turn to the effects of the demographic variables. Women are more likely than men to see the organization as supportive and to have a more positive view of employer inducements. Older employees report greater commitment to the organization and at the same time hold lower employer obligations and report receiving fewer inducements from the employer. Organizational tenure is positively associated with organizational citizenship behaviour, perceived employer obligations and inducements; on the other hand, a negative relationship with perceived organizational support is found. The only effect in terms of job tenure is its negative effect on organizational commitment.

Our results suggest that contingent employees have a less favourable view of the exchange relationship and, with the exception of perceived organizational support, they are less inclined to hold positive attitudes toward the organization and less likely to engage in organizationally sup-

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portive behaviours. Hypotheses 1a and 1b predicted that contingent employees would report fewer employer obligations and inducements than permanent employees. As table 4 shows, after controlling for gender, age, organizational and job tenure, contract status was significant in predicting perceived employer obligations ($\beta = .11$, $p < .01$) and inducements ($\beta = .15$, $p < .01$). Support is also found for hypotheses 3 and 4 where contingent employees report lower commitment to the organization ($\beta = .08$, $p < .01$) and exhibit less organizational citizenship behaviour than permanent employees ($\beta = .06$, $p < .01$). However, contrary to our hypothesis 2, contingent employees are more likely to hold higher perceptions of organizational support ($\beta = -.06$, $p < .01$) than permanent employees.

Temporary employees are more likely to engage in organizational citizenship behaviour contingent upon perceived employer inducements than their permanent counterparts. Hypothesis 5 predicted that contract status would moderate the effects of attitudes on organizational citizenship behaviour. We hypothesized that the relationship between employee attitudes and organizational citizenship behaviour would be stronger for permanent employees compared to contingent employees. Table 5 presents the results. The regression analysis was conducted excluding the 'other' category of employees. The results are broadly similar indicating that this group is not skewing the results. When all the independent and interaction terms are entered into the equation, contract status is found to moderate the effects of perceived organizational support ($\beta = -.11$, $p < .01$) and employer inducements (β= -<.13, p.01) on organizational citizenship behaviour.

TABLE 4 *Results of Hierarchical Regression Analysis for the effects of contract status*

	Organizational citizenship behaviour		Organizational commitment		Perceived organizational support		Employer obligations		Employer inducements	
	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2
Step 1										
Gender	−01	−01	−01	−01	−08**	−08**	−01	−01	−05**	−06**
Age	−.04	−03	10**	11**	00	00	−13**	−12**	−06**	−05**
Organizational tenure	10**	09**	01	00	−09**	−10**	14**	13**	09**	07**
Job tenure	02	02	−04*	−05**	02	01	−02	−03	−02	−04
Step 2										
Contract status (0 = contingent 1 = permanent)		06**		08**		−06**		11**		15**
F	12 04**	12 64**	11 36**	13 82	20 74**	19 59**	20 51**	27 16**	8 44**	24 45**
Change in F	12 04**	14 86**	11 36**	23 43**	20 74**	14 69**	20 51**	52 77**	8 44**	87 79**
Change in R^2	01	00	01	01	02	01	02	01	00	02
Adjusted R^2	01	01	01	02	02	02	02	03	00	03

*$p < 05$
**$p < 01$

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TABLE 5 *Results of hierarchical regressions for interaction effects predicting Organizational Citizenship Behaviour*

Predictors	Organizational Citizenship Behaviour				
	Model 1	Model 2	Model 3	Model 4	Model 5
Step 1					
Gender	−01	.00	.01	.01	01
Age	−03	−.03	−05*	−.02	−01
Organizational tenure	09**	.12**	.11**	.08**	06**
Job tenure	02	.02	.03	.03	04*
Contract status	0 6**	.07**	.06**	.03*	00
Step 2					
Perceived organizational support		36**	.27**	.33**	16**
Contract status* POS		−.15**	−13**	−.17**	−.11**
Step 3					
Organizational commitment			21**	.24**	.14**
Contract status* OC			−.03	−05	−02
Step 4					
Employer obligations				−36**	−24**
Contract status* EO				−13**	−05
Step 5					
Employer inducements					39**
Contract status* EI					−13**
F	12.64**	40 60**	47 66**	70 29**	83 99**
Change in F	12 64**	108.83	66.46**	155 93	134 43
Change in R^2	.01	05	.03	06	05
Adjusted R^2	.01	06	09	15	.21

*$p < .05$. **$p < 01$

However, the direction of the interaction (figure 1, below) is opposite to our prediction whereby the relationship between perceived organizational support and OCB, and employer inducements and OCB, is stronger for contingent employees when compared to permanent employees. Overall, the amount of variance explained by the variables in the overall model is 21 per cent.

DISCUSSION

The findings from this research suggest that contract status plays an important role in how individuals view the exchange relationship and how they respond to the inducements they receive from that relationship. Such findings have important analytical and theoretical implications and at the same time may well have significant consequences for the way in which the different types of public service employees are managed and possibly for how public service organizations are seen to perform.

Our findings are consistent with the predictions of psychological contract

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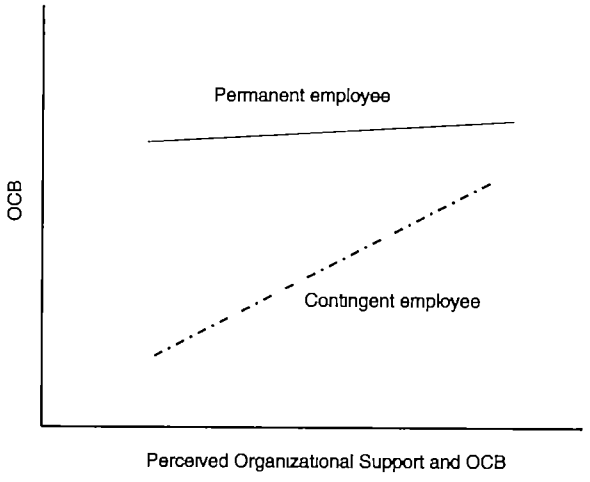


FIGURE 1 *Interaction Results*

theory whereby contingent employees are more likely to view their relationship with their employer in more narrow terms and receive fewer organizational inducements from that relationship. Not surprisingly, contingent employees reciprocate this underinvestment by the employer by being less committed to the organization and less likely to engage in organizational citizenship behaviour. However, at the same time, contingent employees are more likely to view their employer as fulfilling socio-emotional needs than their permanent counterparts. A potential explanation for this contrary finding may have to do with the amount of time contingent employees spend in the organization. As a consequence of shorter organizational tenure, contingent employees may have less knowledge about how the organization functions and have greater tolerance for organizational policies than permanent employees. This explanation has received some support in explaining differences across part-time/full-time status (Eberhardt and Shani 1984; Miller and Terborg 1979). The same may apply to contingent employees who may not spend less time in the social system on a weekly basis, but the overall expected length of time included in the social system is capped as a consequence of their contingent status.

An unexpected finding of this study is the stronger relationship between perceived organizational support, employer inducements and organizational citizenship behaviour for contingent employees. In other words, contingent employees respond in a stronger manner to the overall benefits they receive from their employer. As contingent employees have no reason to expect a long-term relationship with the employer, they are more likely to give greater saliency to inducements received rather than potential inducements that may materialize at some future point in the relationship. In this respect, contingent employees may be adopting a contingent view of the

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exchange relationship whereby their contributions in terms of citizenship behaviour is contingent upon what they receive from their employer. In the absence of anticipated future benefits, the motivational basis of OCB for contingent employees appears to be the tangible and intangible benefits they actually receive from their employer.

In contrast to the contingent nature of organizational citizenship behaviour for temporary employees, permanent employees seem to engage in citizenship behaviour independent of their perception of employer inducements. A number of explanations may exist for this finding. First, permanent employees may engage in acts of citizenship behaviour as a result of their concern for the welfare of the organization rather than reciprocating the employer based on the treatment they receive. Second, permanent employees may be less likely to view OCB as discretionary and hence feel they cannot withdraw OCB as a result of how they feel the organization is treating them.

A number of powerful messages emerge from these findings on the nature of employment in public services and on the management of contingent and non-contingent employees in the sector. These tend to complement those emanating from the work of Guest and Conway (2000) which tended to concentrate less on variations in the state of psychological contract between contingent and non-contingent public servants and more on variation between employees in different parts of the public sector. The reasons proposed for discretionary behaviour amongst permanent employees, independent of inducements, highlight the ongoing importance of two traditional features of employment in the public services, namely a professional ethic and a public service ethic. Both sets of ethics have arguably been under increasing pressures over recent years with greater emphasis given to managerialism and the pursuit of efficiency driven goals. However, if public service organizations are to rely on the discretionary behaviour of their permanent staff independent of inducements, professional and public service ethics would appear to be crucial and perhaps worth protecting and nurturing.

It might be argued that policymakers have for too long relied on the professional values of staff and their commitment to the public services as a justification for the relatively low pay levels and increases over a number of years. Although there has been some unevenness in the treatment of different groups of public servants in pay terms, the traditional features of pay determination have progressively been undermined throughout the 1980s and 1990s. Thus comparability criteria, fostering a degree of perceived fairness amongst public servants, have been replaced by affordability while financial constraints have placed downward pressure on annual pay increases (Winchester and Bach 1995). For the majority of public servants, pay rates and movements have tended to lag behind those in the private sector albeit 'catching-up' periodically following industrial action and inquiries (Elliot and Duffus 1996; White 2000). The recent difficulties

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faced in recruiting and retaining key occupational groups such as nurses and teachers are a partial testament to these pay pressures. Indeed the introduction of performance pay for both sets of employees in the last few years is indicative of the perceived need on the part of policy makers to strengthen material rewards as a means of attracting and retaining the necessary staff.

Equally noteworthy is the finding, echoing previous studies (Millward and Brewerton 1999; Pearce 1993; Van Dyne and Ang 1998), which suggests that contingent employees are not necessarily emotionally detached from their temporary workplace. However, this finding rests on the observation that contingent employees need to be treated well in terms of inducements if they are to go beyond the call of duty and engage in OCB. Such results inevitably beg questions about the ability and willingness of public service employers to offer contingent employees inducements. To the extent that contingent employment may be linked to outsourcing and agency working, which by definition involves a transfer of responsibility for staff to a contracting organization, direct control of employee inducements may well be lost. Certainly, we know that terms and conditions for staff subject to competitive tendering in local government tend to deteriorate (Escott and Whitfield 1995). We are also aware that staff welfare is rarely a central managerial concern in drawing up contract specifications or in determining the choice of contractor (Kessler, Coyle-Shapiro and Purcell 1999).

Where authorities retain control of inducements, our findings suggest that public service organizations may well need to use these in a considered way if they are to elicit 'desired' behaviours from their contingent workers. A more considered approach might focus on the types of workers offered inducements as well as the types of inducements offered. It may well be that inducements become more crucial and meaningful in relation to certain occupations – say, teachers in certain subjects, who are in high demand and have alternative job opportunities. Conversely, this may not be as applicable to contingent manual employees who may have entered the contingent employment relationship by force rather than by choice. As for type of inducements, it may well be the case that in the context of increasing job insecurity, public servants may be looking for rewards based on a more transactional or instrumental relationship with the employing organization. For example, increasing attention has been given to the notion of employability where organizations provide staff with skills and attributes which might make them more marketable when employment with the organization ceases (Rajan 1997).

In the absence of evidence, the extent to which authorities use inducements in this way must currently be left open. There are, however, grounds for suggesting that their use may well be limited, with potentially significant implications for organizational performance. National agreements still regulate the terms and conditions of a considerable proportion of employees in local government and the health service. While in both sub

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sectors, greater scope has certainly recently been provided for organizations to apply these agreements flexibly to meet their own needs, they continue to prescribe rates of pay, hours and holiday entitlements. Covering contingent and non-contingent staff alike, the ability to offer selective inducements in these areas may therefore be constrained.

Even if such opportunities were available, however, it is interesting to speculate whether they would be offered to contingent workers. Much would depend on the reasons for employing contingent workers and the kind of work they were undertaking. Such employees are often employed in an *ad hoc* opportunistic way to address a particular staff shortage or to undertake a specific, time-bound project. In such circumstances, cost considerations and a simple ability to release such staff when the need for them disappears remain prime managerial concerns with selective inducements unlikely to be considered. Where contingent employees are undertaking routine, mechanistic, perhaps administrative tasks, such inducements may well be unnecessary. However, in the public services where contingent employees are often employed as frontline staff, interacting directly with users, lack of commitment and engagement by such employees could affect the quality of the service delivered. Our findings suggest that such inducements may well be crucial to the delivery of a quality service where contingent employees are used.

In interpreting the findings of this study, a number of limitations must be considered. First, care is needed in applying these findings to other parts of the public services. As noted at the outset, contingent working is more apparent in local government, and particularly education, than in public administration and health. At the same time, while contingent employment in the public services might be less prevalent outside of local government, where such workers are to be found in the other sub sectors, our findings hopefully retain their significance. Second, all the variables were measured using self-report survey measures. Consequently, the observed relationships may have been artificially inflated as a result of respondents' tendencies to reply in a consistent manner. The potential for common-method bias could be minimized to some extent with the use of longitudinal data. However, as Spector (1987) points out, concerns about common method bias have not been empirically substantiated. Third, our data ignore the potential effect of individual preference to work on a contingent basis and how this may affect the individuals' attitudes and behaviour. Fourth, although the amount of variance explained by the demographic variables is small, it is comparable to that found in other studies (Shah 1998). Finally, our findings suggest important relationships between employment status, the psychological contract and attitudinal and behavioural outcomes. We have suggested some possible reasons for these relationships associated with differences in the nature of the link between contingent and non-contingent employees and their employing organization. More detailed, qualitative research work, focusing on the experiences of different types of work-

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ers is clearly needed to confirm and provide a fuller explanation of the relationships distinguished.

CONCLUSION

The increasing use of contingent employees presents public service organizations with important challenges for the future. Contingent workers may well be a cost-efficient means of addressing short-term staffing needs as well as dealing with discrete and well-defined time-bound projects. However, in service-driven organizations involving direct contact with service users, the attitudes and behaviours of such workers are likely to be crucial to organizational performance and the quality of service provision.

Our research provides a strong and clear message. Contingent employees are likely to display less positive attitudes and behaviours than permanent staff. However, if organizations provide these contingent employees with the necessary inducements they will still respond in organizationally supportive ways. In terms of public service employers, whether they are able or willing to provide such inducements might be viewed as problematic at best. As has been noted, contingent employees working in a public service organization may be employed by a contracting organization. Employee issues or concerns have, to date, had a limited influence on the award of contracts or the monitoring and evaluation of such contracts. Even if employed in-house, the ongoing influence of national agreements in regulating employee terms and conditions may well stifle the scope for selective inducements. In the final analysis, any response to these findings may require a fundamentally new 'mind-set' in terms of how contingent employees are viewed in service-driven organizations. Rather than being seen a cost-efficient response to short-term needs and treated accordingly, contingent employees may well need to be treated in a much more supportive way if they are to give their 'best',

APPENDIX *Scale items*

Perceived employer obligations – extent to which employer is obligated to provide the following:

1. Long-term job security
2. Good career prospects
3. Support with any personal problems
4. The opportunity to do interesting work
5. Up-to-date training and development
6. The freedom to do my job well
7. The opportunity to be involved in decisions that affect me
8. Pay increases to maintain my standard of living
9. Fair pay compared to staff doing similar work in other organizations
10. Policies and procedures that help me do my job well
11. The necessary training to do my job well

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12. Support when I want to learn new skills
13. Fair pay for the responsibilities I have in my job
14. Fringe benefits that are fair compared to what staff doing similar work in other organizations get

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13. Fair pay for the responsibilities I have in my job
14. Fringe benefits that are fair compared to what staff doing similar work in other organizations get

Perceived organizational support:

1. My employer cares about my general satisfaction at work
2. My employer is willing to help me out when I need a special favour
3. My employer values my contribution to the organization's well being
4. My employer cares about my opinions
5. My employer cares about my well-being
6. My employer considers my goals and values
7. My employer shows very little concern for me

Organizational commitment:

1. I am quite proud to tell people I work for ——
2. I feel myself to be part of ——
3. I am willing to put myself out to help ——
4. I would recommend a close friend to join ——
5. I feel a strong sense of belonging to ——
6. In my work, I like to feel I am making some effort not just for myself but for —— as well
7. To know that my own work had made a contribution to the good of —— would please me
8. The offer of a bit more money with another employer would not seriously make me think of changing my job

Organizational citizenship behaviour:

1. I make an effort to keep abreast of current developments in ——
2. I volunteer to do things that are not specifically part of my job but that help contribute to the organization's objectives
3. I keep up-to-date with developments that are happening in my organization
4. Part of my job is to think of better ways of doing my job
5. I participate in activities that are not required but that help the image of my organization
6. I frequently make suggestions to improve the work of my team/department
7. I always do more than is actually required

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THE COMPETENT BOUNDARY SPANNER

PAUL WILLIAMS

Inter-organizational frameworks of intervention dominate the resolution of complex societal problems facing the UK and many other countries. Strategic alliances, joint working arrangements, networks, partnerships and many other forms of collaboration across sectoral and organizational boundaries currently proliferate across the policy landscape. However, the discourse is positioned at an institutional and organizational level, and comparatively little attention is accorded to the pivotal role of individual actors in the management of inter-organizational relationships. This paper attempts to redress this balance by focusing on the skills, competencies and behaviour of boundary spanners A critical review of the relevant literature, both from an institutional and relational perspective, is undertaken. This is complemented by some new empirical research that involves an engagement with groups of particular types of boundary spanner using a combination of surveys and in-depth interviews. Finally, a discussion makes connections between the existing literature and the research findings and offers suggestions for future areas of enquiry.

INTRODUCTION

This paper explores the major factors that influence the effective collaborative behaviour and competence of key agents managing within inter-organizational theatres – the boundary spanners. The discussion is framed within the UK public policy context where the persistence of a number of complex problems is being tackled through partnership and collaborative interventions. A critical review of the disparate and cross-disciplinary literature, both institutional and relational, is examined and used to explore a range of perspectives, themes, concepts and models that help to illuminate the behaviour patterns and competency profiles of practising boundary spanners.

This is followed by a detailed account of the research findings of a study that is aimed at identifying and understanding the competency framework for boundary spanners including the bundle of skills, abilities and personal characteristics that contribute to effective inter-organizational behaviour. Prominent in the emerging framework are the building and sustaining of relationships, managing within non-hierarchical environments, managing complexity and understanding motives, roles and responsibilities. The paper concludes with a discussion about areas for future research.

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THE MORPHOLOGY OF PUBLIC POLICY PROBLEMS

The public policy landscape is characterized by a host of complex and seemingly intractable problems and issues – community safety, poverty, social inclusion, health inequalities, teenage pregnancies, urban regeneration, substance misuse, climate change and homelessness – an ever growing and assorted list of community concerns. Such issues have been referred to as 'wicked' because they 'defy efforts to delineate their boundaries and to identify their causes, and thus to expose their problematic nature' (Rittel and Webber 1973, p. 167); Trist (1983) simply sees them as 'messes'. 'Wicked issues' appear to possess a number of inherent properties:

- They bridge and permeate jurisdictional, organizational, functional, professional and generational boundaries. They are often capable of metamorphosis and of becoming entangled in a web of other problems creating a kind of dense and complicated policy swamp.
- They are socially constructed because the conceptualization, causes and analysis of problem structures are a function of the unique perspective or gaze of individual stakeholders, of which there are many in dense policy spaces such as with health, poverty or social disadvantage. Schon (1987) and Stone (1997) refer to the act of 'framing' because 'depending on our disciplinary backgrounds, organizational roles, past histories, interests, and political/economic perspectives, we frame problematic situations in different ways' (Schon 1987, p. 4). In addition, the ripple effect of interdependent problems often makes it difficult to disentangle root causes, and even trace many policy outcomes back to specific interventions despite the current penchant for evidence-based practice.
- Wicked issues are not amenable to optimal solutions. Many are not entirely solved or remain intractable and real progress is dependent on systemic change not short-term fixes.
- Finally, this kind of problem does not 'yield readily to single efforts and is beyond the capacity of any one agency or jurisdiction' (Luke 1998, p. 19).

It is instructive to frame an understanding of 'wicked issues' in the language and thinking of non-linear theories such as complexity and chaos theories developed in the physical sciences. Complex social problems such as crime or health inequality are not amenable to linear thinking which assume a simple relationship between inputs and outcomes. On the contrary, relationships are non-linear. Outcomes are difficult or impossible to predict; responses can be disjointed from causes and a change in the causal agent does not necessarily elicit a proportional change in some variable it affects. It may elicit no response, a dramatic response or a response at certain levels of cause. The metaphors of complexity theory – strange attractors, birfurcation, edge of chaos and possibility space – may offer useful

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ways of exploring and understanding complex societal problems in the future.

ORGANIZATIONAL FORMS

Assuming that a large number of problems presenting themselves in the public policy arena in Britain today bear a close resemblance to the characteristics of a 'wicked issue', it is appropriate to consider the best form of managerial and organizational response necessary for their treatment. I argue that a postmodern rather than a classical form of organization is more likely to be in tune with this particular policy challenge for reasons that are summarized in table 1. Firstly, given that the problems are cross-boundary in nature, the focus of organizational action needs to move from a preoccupation with intra-organizational imperatives more to a commitment to the building of inter-organizational capacity. Secondly, thinking about 'wicked issues' requires a language that reflects relationships, interconnections and interdependencies – holistic thinking. This is not the prevailing discourse of classical organizations that are underpinned by notions of rationality, linear thinking, task differentiation and functionalism. Bureaucratic forms of organization which champion the virtues of rationality, professionalism and compartmentalism are anathema to the challenge of interdependencies. Forms of organization and governance that are designed around collaboration, partnership and networking appear to be more suitable for the task.

Inter-organizational capacity is unlikely to flourish in organizational structures that are based on hierarchical control and power. New capacities are needed to manage conflict, inter-personal behaviour and fragmented and contested power relations. Within the realms of inter-agency activity, where 'organizational sovereignty loses credibility and conviction' (Clegg 1990, p. 19), decision-making models must reflect consensus formation and trust building. Difficult problems invite new ways of working and thinking, and whereas 'most people will come to this trapped or constrained by con-

TABLE 1 *Modern and postmodern forms of organization*

	Modern	Postmodern
Domain	Intra-organizational	Inter-organizational
Metaphor	Mechanistic	Systems
Form of government	Administration	Governance
Form of organization	Bureaucratic	Networking, collaboration, partnership
Conceptualization	Differentiation, tasks and functions	Interdependencies
Decision-making framework	Hierarchy and rules	Negotiation and consensus
Competency	Skills-based professional	Relational
Solutions	Optimal	Experimentation, innovation, reflection

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ventional organizations, labels and assumptions, what is needed is a willingness to entertain the unconventional and pursue the radical' (Clarke and Stewart 1997, p. 5). A presumption towards innovation, experimentation, risk taking and entrepreneurship is welcome in the battle against complex problems, in contrast to the preoccupation with finding a single 'right' solution.

Finally, the skills and competency profile of individuals who are focused on the management of interdependencies will not be professional or knowledge-based, but rely more on relational and inter-personal attributes designed to build social capital. They will build cultures of trust, improve levels of cognitive ability to understand complexity and be able to operate within non-hierarchical environments with dispersed configurations of power relationships.

THE HEGEMONY OF 'JOINED-UP' GOVERNANCE

The New Labour government in Britain has embraced the analysis of 'wicked issues' with some alacrity and grounded many of its public policy interventions on holistic planning, joined-up government and cross-cutting approaches. An emerging inter-organizational hegemony is promulgated and manifested in terms of multi-agency, multi-disciplinary and cross-boundary programmes across the policy spectrum. A flood of new initiatives bears witness to this approach – Health, Education and Employment Action Zones, New Deal for Communities, City Challenge, Local Strategic Partnerships and many more. One commentator refers to a condition of 'initiativitis' (Fitzpatrick 1999, p. xiii) to describe this type of policy making.

However, it seems that the prevailing policy discourse at both a theoretical and empirical level is quite often confined to a narrow discussion of the effectiveness and sustainability of new inter-organizational structures and mechanisms. I argue that this fixation at the organizational and inter-organizational domain levels understates and neglects the pivotal contribution of individual actors in the collaborative process. The research and analysis that follows argues that the effectiveness and success of inter-organizational ventures rests equally with the people involved in the process and their ability to apply collaborative skills and mind-sets to the resolution or amelioration of complex problems. I am supported in this view by other researchers. Poxton, reflecting on the experiences of primary health and social care partnerships, concludes 'a new policy environment and new organizational arrangements should make co-operation and collaboration easier than it has been in the past. But real success will depend as much on the determination and creativity of practitioners and managers as it will on Government edict and structural change' (Poxton 1999, p. 3). Bardach, also, maintains that it is 'clear that whatever else might help explain success in the collaborative process, the efforts and creativity of what I call purposive practitioners is an essential explanatory ingredient' (Bardach 1998, p. 6).

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A mixture of flamboyant and insightful descriptions are sometimes ascribed to people who manage across boundaries including networker, broker, collaborator, cupid, civic entrepreneur, boundroid, sparkplug, collabronaut and boundary spanner (Thompson 1967). Some occupy designated boundary spanning or cross-cutting posts such as health promotion managers, anti-poverty officers, community safety co-ordinators and the like. The majority of people are employed in mainstream jobs in which the participation in collaborative exchanges with people in other agencies and organizations is increasingly important to the realization of their own personal or organizational objectives.

However, the literature is not particularly forthcoming on the nature, characteristics and behaviour of these boundary spanners. The emphasis is rather more on managing within organizations as well as on the development of professional expertise.

THEORIES OF INTER-ORGANIZATIONAL RELATIONS

Although this paper has a micro-level focus, a consideration of inter-organizational theorizing at an institutional level is warranted and instructive as it offers perspectives and hints to behaviour patterns relevant to the role of individual actors in the collaborative process. There is no consolidated body of inter-organizational theory and a 'striking characteristic of research on inter-organizational relations is the astonishing variety of disciplines, research paradigms, theoretical perspectives and sectoral focuses within which it is researched' (Huxham and Vangen 1998, p. 1). The literature too is characterized by 'a cacophony of heterogeneous concepts, theories, and research results' (Oliver and Ebers 1998, p. 549). However, Grandori (1997) detects the prevalence of economic and sociological macro-analytical approaches to the subject.

Oliver and Ebers (1998) attempt to identify 'structural beacons in the messy landscape of inter-organizational research' through a review of the pertinent literature. They conclude that resource dependency and network models dominate the theoretical approaches, while considerations of power and control prevail with regard to outcomes. They emphasize the predominance of motivation and interaction in the processes linking antecedents with outcomes. In the case of inter-organizational network research, they find that the theoretical stances are polarized between a social network perspective, which looks at the structural properties of networks, and a governance perspective that focuses on 'attributes of both the networked actors and the form and content of their relationships within a particular institutional context' (Oliver and Ebers 1998, p. 569).

Grandori (1998) suggests that interfirm co-ordination modes can be explained by the core variables of task complexity, environmental uncertainty, task-related competence, behavioural trustworthiness, task interdependence and resource interdependencies. Oliver (1990), on the other hand, lists the critical contingencies of relationship forming as asymmetry,

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reciprocity, efficiency, stability and legitimacy. Ebers (1997) contrasts Inter-organizational networks with other form of organizing such as markets and firms. They 'institutionize recurring, partner-specific exchange relationships of finite duration (often based on goal accomplishment) or of unspecified duration among a limited number of actors' (Ebers 1997, p. 21); actors within them individually retain residual control over resources but sometimes jointly decide on their use; processes of negotiation are used to co-ordinate resource allocation decisions, and a wide range of information is shared between organizations.

The network metaphor is a highly integrative mechanism between different levels of analysis and Ebers (1997) identifies three types of micro-level ties that represent key core concepts:

1. resource flow and activity links;
2. information flows, especially to address issues of complexity and uncertainty. The role of catalysts or informational intermediaries is considered to be highly influential in shaping and facilitating network form because they act as brokers to allow information symmetry and 'as mutually trusted lynchpins between social groups, human catalysts can bridge and help overcome informational asymmetries, establish a common set of expectations, and facilitate goal adjustment' (Ebers 1997, p. 31); foster co-operation and exchange; act as neutral arbitrators in conflict resolution; and reduce communication costs and uncertainty. The role played by catalysts is also associated with innovation and entrepreneurship because of a greater access to external partnering, critical resources and information (Dodgson 1994; Ahuja 2000);
3. mutual expectations between actors, particularly trust.

Managing within networks occupies the focus of a number of researchers (Kickert and Koppenjan 1997; O'Toole *et al.* 1997) and is described as 'promoting the mutual adjustment of the behaviour of actors with diverse objectives and ambitions with regard to tackling problems within a given framework of interorganizational relationships' (Kickert and Koppenjan 1997, p. 44). The major activities include intervening/restructuring network relations, joint problem solving and negotiating integrative strategies. Game management strategies such as brokering and facilitation are much in evidence. O'Toole *et al.* (1997) highlight the demands of network management at different phases of the policy-making process. Although there may be similarities with other stages, they suggest that the implementation phase is characterized by managing across and through different functional networks; working in a multi-party and multi-level environment and understanding the complexity of assembling all the pieces of the implementation jigsaw. This entails a very focused and problem-solving mode of engagement.

Some models of inter-organizational relationships present a typology of different structural forms (Alter and Hage 1993) and others visualize this

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type of activity unidimensionally along a continuum of varying degrees of sophistication from co-operation to collaboration, reflecting the changes in the intensity of the interaction and the magnitude of the reconfiguration of power relationships (Taylor 2000; Mattesich and Monsey 1994; Hudson 1998; Pratt *et al.* 1999).

Much of the research focus on inter-organizational relations is on motives, contingencies and structures and less on processes. An exception to this is theories that map joint working in terms of a sequence of defined stages or phases. Gray (1989) proposes a 3-stage model – problem setting, direction setting and implementation – using this approach, and Lowndes and Skelcher (1998) refer to a four-stage life cycle of partnerships. Ring and Van de Ven (1994) propose a cyclical model of network development that emphasizes socio-psychological factors as much as managerial proficiencies. It may be that a different set of boundary spanning skills and styles are appropriate for different stages as is suggested by Snow and Thomas (1993) with phase-specific broker roles. A final approach centres on the identification of particular factors, barriers or conditions that are influential in determining the success or failure of collaborative encounters – critical performance factors such as shared vision, communication, teamwork and so on. Huxham and Vangen (1999) prefer to concentrate on the key themes in collaborative practice such as trust, leadership, accountability and power, some of which are process-orientated and others that are structural in nature such as ambiguity, complexity and dynamics.

PROFILING BOUNDARY SPANNERS

The literature on boundary spanners is by no means extensive or consolidated. However, it is possible to identify a number of themes and perspectives that permeate the research that is available from a number of different disciplines and traditions.

The boundary spanner as reticulist

Friend *et al.* (1974) identify a cluster of reticulist or networking skills and judgements and emphasize the importance of cultivating inter-personal relationships, communication, political skills and an appreciation of the interdependencies around the structure of problems and their potential solutions. Webb refers to individuals 'who are especially sensitive to and skilled in bridging interests, professions and organizations' (Webb 1991, p. 231), and Degeling (1995) sees reticulists as 'entrepreneurs of power' who understand coupling, interdependencies and fissures in strategically located players. Trist visualizes them as facilitating communication over 'social ground rather than between institutionalised figures' (Trist 1983, p. 280), although a knowledge of how to operate within the formal organizational system is equally essential. One report refers to 'special' people in networks who play a role in 'bringing unlikely partners together, in breaking through red tape, and seeing things in a different way' (LGMB 1997, p. 10).

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Hosking and Morley (1991) summarize the functions of networking as gaining information, achieving influence to help implement the actor's agenda and to exchange with others, co-operation and resources. Effective networking enables a boundary spanner to understand the social constructions of other actors, and how they 'define the issue in relation to their own values and interests, knows what "outcomes" and processes each would value, knows who needs to be involved, knows who could mobilize influence, and so on' (Hoskins and Morley 1991, p. 228). It is the basis for successful negotiation.

Networking takes place through inter-personal relationships and this can result in a blurring of professional and personal relationships. Some research (LGMB 1997; Ring and Van de Ven 1994) views this process of social bonding as a positive feature in terms of sharing values, gaining trust and so on. An opposite view (LGMB 1997) warns of the potential downside of informality and an over-reliance on personal relationships, the tensions of multiple accountabilities, the inherent fragility of personal relationships and the negative effects of the formation of cliques.

The boundary spanner as entrepreneur and innovator

Complex public policy problems tend not to be amenable to tired traditional or conventional approaches. Their resolution demands new ideas, creativity, lateral thinking and an 'unlearning' of professional and organizational conventions and norms. The entrepreneurial and innovative capacities of boundary spanners are emphasized by Challis (1988) who highlights the defining characteristic of flexibility, and Leadbeater and Goss who refer to 'civic entrepreneurs' as 'creative, lateral thinking rule-breakers who frequently combine a capacity for visionary thinking with an appetite for opportunism' (Leadbeater and Goss 1998, p. 15). Similarly, deLeon evokes the image of public entrepreneurs as mavericks or 'catalysts who bring together problems and solutions that otherwise would bubble chaotically in the conventional currents of modern policy streams' (deLeon 1996, p. 508). Kingdon (1984), also, underlines the importance of 'policy entrepreneurs' who are skilled at coupling problems, policies and politics, particularly opportunistically in response to opening 'policy windows'.

The boundary spanner and otherness

Boundary spanners are characterized by their ability to engage with others and deploy effective relational and interpersonal competencies. This is motivated by a need to acquire an understanding of people and organizations outside their own circles – to acknowledge and value difference in terms of culture, mind-set, profession, role and 'gaze'. Trevillion views boundary spanners as 'cultural brokers' who need to understand anothers' organization and to 'make a real effort to empathize with, and respect anothers' values and perspectives' (Trevillion 1991, p. 50); Engel concludes that, because much interorganizational activity takes place in teams, the people

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involved need to practice empathy and that 'communication underpins and permeates the entire construct of capability for collaboration' (Engel 1994, p. 71); and Hornby alights on the notion of 'reciprocity' which she considers is manifested 'in respect and concern for the individual, gives value to mutual understanding and the building of mutual trust' (Hornby 1993, p. 160). The dynamics and dilemmas of support relationships in boundary management is considered to be a difficult because boundary spanners 'must be adept at breaking down boundaries between themselves and recipients to listen empathetically and build trust; they also need to enforce boundaries to protect themselves from enmeshment with the recipient's problems' (Bacharach *et al.*, 2000, p. 706). This is a balancing act between inclusion and separation, dependence and autonomy.

The boundary spanner and trust

Trust is often isolated as one of the most important factors to influence the course of interorganizational relations. Webb is forthright in his assertion that 'trust is pivotal to collaboration. Attitudes of mistrust and suspicion are a primary barrier to co-operation between organizations and professional boundaries: collaborative behaviour is hardly conceivable where trusting attitudes are absent' (Webb 1991, p. 237), and 'trust is thought to be a more appropriate mechanism for controlling organizational life than hierarchical power' (Sydow 1998, p. 31). It is a highly contested notion that is the subject of a substantial body of theory from a variety of disciplines (Giddens 1991; Lane 1998; Boon 1994; Lewicki and Bunker 1996; Cummings and Bromily 1996; Das and Teng 2001).

Various models of trust implicate the concept with faith, predictability, goodwill and risk taking. Others suggest that it can be derived from calculation, value and norms or common cognition. Bachmann (2001) refers to trust as a mechanism for coping with uncertainty and complexity, and there are theories that position trust at both a personal and system level. Bachmann (2001) is also anxious to stress the relationship between trust and control, both being mechanisms for co-ordinating social interactions. Similarly, Hardy *et al.* distinguish between real and simulated trust, and attempt to disentangle the two heavily loaded notions of trust and power. They suggest that most functional interpretations of trust 'ignore the fact that power can be hidden behind a façade of "trust" and a rhetoric of "collaboration" and can be used to promote vested interests through the manipulation and capitulation of weaker parties' (Hardy *et al.* 1998, p. 65). Newell and Swan (2000) submit that different types of trust interrelate in particular ways depending on the motives holding actors together in a network. Lastly, from a practical point of view, there is an important question to be resolved in relation to the building and sustaining of trust. Vangen and Huxham single out expectation forming and risk taking as the main determinants of a model that envisages a cyclic process because 'each time partners act together they take a risk and form expectations about the intended

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outcome and the way others will contribute to achieving it. Each time an outcome meets expectations, trusting attitudes are reinforced. The outcome becomes part of the history of the relationship, so increasing the chance that partners will have positive expectations about joint actions in the future' (Vangen and Huxham 1998, p. 8).

The boundary spanner and personality

The literature is peppered with innumerable references to the personalities, character, traits and disposition of boundary spanners. There are suggestions that they are personable, respectful, reliable, tolerant, diplomatic, caring and committed – to name but a few. Faitlough (1994) writes that 'diplomacy, tact, dispassionate analysis, passionate sincerity, scrupulous honesty; the boundary spanner needs an impossible string of virtues', and Beresford and Trevillion (1995) consider that collaborative values to be characterized by honesty, commitment and reliability. The proposition is, perhaps, that good collaborative behaviour is a function of particular personal attributes – an assumption that is grounded in the personality school of thought which argues that people are different because of defining characteristics, personalities or temperaments (Eysenck 1994).

Unfortunately, trait theories are found to be poor predictors of behaviour, and a second school of thought associated with cognitive psychology interprets individual differences in terms of different cognitive styles and processes (Brunas-Wagstaff 1998). The significance of personality remains a highly contested intellectual domain and the question, 'is an effective boundary spanner born and not bred', will continue to attract keen debate.

The boundary spanner as leader

The boundary spanning challenge impinges significantly on leadership styles. Luke (1998) offers a critical comparison of leadership styles between traditional and collaboratively inclined organizations and this is illustrated in table 2. The sovereign and charismatic leader, who enthuses firm and

TABLE 2 *Contrasts between modern and postmodern styles of leadership (after Luke 1998)*

Modern leadership	Postmodern leadership
Hierarchical	Non hierarchical and inter-organizational
Evokes followership	Evokes collaboration and concerted action
Takes charge; seizes the reins of an organization	Provides the necessary catalyst or spark for action
Takes responsibility for moving followers in certain directions	Takes responsibility for convening stakeholders and facilitates agreements for collective action
Heroic; provides the right answers	Facilitative; asks the right questions
Has a stake in a particular solution or strategy	Has a stake in getting to agreed-upon outcomes, but encourages divergent ways to reach them.

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directive leadership, is sharply contrasted with a more facilitative and catalytic approach displayed by leaders in partnership arenas. He identifies certain foundational skills that are essential for 'catalytic leaders' – these are thinking and acting strategically, interpersonal skills for facilitating a productive working group or network, and underlying character. Kanter (1995), also, profiles cosmopolitan leaders of the future as integrators, diplomats, cross-fertilizers and deep-thinkers.

The preoccupation of the New Labour government in Britain, with joined-up approaches to policy making, has spawned a number of reports and studies that refer to individual skills and competencies. One government report concludes that civil servants need to be better at working across organizational boundaries and 'alter their mindsets from a culture of tribal competitiveness to one of partnership' (Cabinet Office 2000, p. 42). This report also advocates the promotion of 'culture-breakers' to act as catalysts for cross-cutting behaviour. Another report judges that in local government 'new skills and capacities are essential, particularly strategic capacities, and skills in listening, negotiation, leadership through influence, partnership working, performance management and evaluation' (DETR, 2000, p. 7). Capacity building is considered to be especially important, as are brokering, networking, resource packaging and building trust. Finally, Jupp (2000) addresses the neglected issue of training and development in partnership working. He notes that, traditionally, management training is concentrated around managing in hierarchical situations and more recently, in managing contracts. In contrast, the emphasis should now move to developing key partnership skills such as brokerage, facilitation, negotiation and co-ordination and project management.

RESEARCH METHODOLOGY

New empirical research has been undertaken by the author to explore the management of interdependencies inherent in collaborative and networked forms of governance. This research set out to identify, describe, categorize and understand boundary spanning competencies and effective collaborative behaviour. The fieldwork and data collection consists of two interconnected phases (table 3). Phase 1 is directed to an initial identification and categorization of boundary spanning competencies together with a short attitudinal investigation. The concept of 'competency', which is often used promiscuously (Sandberg 2000), in this context, is taken to mean, 'an underlying characteristic of a person in that it may be a motive, trait, skill, aspect of one's self-image or social role, or a body of knowledge which he or she uses' (Boyatzis 1982, p. 21).

To start with, surveys of three types of boundary spanner operating in different policy areas – health promotion specialists, crime and community safety co-ordinators and environmental and local agenda 21 co-ordinators – were undertaken using postal questionnaires. They were selected opportunistically through personal contact between the author and three national

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TABLE 3 *Details of fieldwork*

	Phase 1		Phase 2	
Geographical area	UK	Wales	Wales	Welsh local authority area
Sample	Environmental & local Agenda 21 co-ordinators	Crime & community safety co-ordinators	Health promotion specialists	Partnership managers
Type of organization	Local authority	Local authority	Health authority and NHS Trust	Local authority, Health authority, NHS Trust; Police, Voluntary sector, Probation service; Youth offending partnership
Research method	Postal survey	Postal survey	Postal survey	In-depth interviews
Sampling method	Opportunistic	Opportunistic	Opportunistic	Snowball
Sample size	469	22	10	15
Response rate (%)	50	54	100	100

networks. This enabled effective access to individual contacts and a potentially enhanced response rate. The policy framework and institutional contexts for all three samples was comparable, involving managing across traditional boundaries and tackling complex problems within a variety of multi-agency initiatives.

Phase 2 sharpened the focus of the research with a more intensive exploration and understanding of the potential determinants of effective boundary spanning framed within a particular geographical area. The area selected was a unitary local authority in South Wales within which a variety of different agencies were collaborating across a range of policy areas. The policy and governmental context was broadly similar to that in other local authority areas throughout the UK where partnership working is high on the political agenda. A sample of boundary spanners operating at a strategic level was chosen for interview using personal contacts in the study area to identify the main actors managing in multi-agency partnerships addressing key problem areas – health, social care, crime and young people. The findings from Phase 1 were used to inform the topic guide for a series of in-depth and semi-structured interviews. Topics covered included motivations for partnership working; the management of boundary spanning roles; personal skills and competencies for collaborative working; evidencing effectiveness through critical incidents; barriers and problems in cross-boundary activity; and training and development.

THE ART OF BOUNDARY SPANNING

The research findings indicate that, as far as boundary spanners are concerned, there are a number of key factors and influences implicated in effec-

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tive collaborative working, and they involve the use of particular skills, abilities, experience and personal characteristics. It is particularly evident, also, that there is considerable overlap and interdependency between the various factors and individual variables, and typically, they are deployed in different permutations depending on particular circumstances.

Building sustainable relationships

A necessary part of interorganizational working involves building and sustaining effective personal relationships. Collaborative encounters involve the management of difference. People from a variety of organizational, professional and social backgrounds assemble to pursue mutually beneficial agendas, and this demands an investment in time to forge an effective working relationship and a readiness to visualize reality from the perspective of others. The development of interpersonal relationships is part of a process of exploration, discovery and understanding of people and the organizations they represent – a search for knowledge about roles, responsibilities, problems, accountabilities, cultures, professional norms and standards, aspirations and underlying values. The quality of this information is invaluable in allowing boundary spanners to identify potential areas of communality and interdependency. The medium for this process of enquiry and knowledge exchange is the quality and durability of personal relationships. The respondents to the research draw particular attention to a number of factors in this process.

Communicating and listening

The value of basic and effective oral, written and presentational communication skills cannot be overestimated. The ability to express oneself, and one's position with clarity, is considered to be essential, as is the choice and use of language. The problem associated with the use and interpretation of 'professional' languages and jargon is recognized as an area in need of sensitive management in order not to undermine, patronize, mislead or give offence to others. The search for shared meanings is particularly acute in partnership arenas. Communication is also a two-way process and receiving information – listening – is considered as important as information giving. References are made to 'active listening' which is expressed as a willingness or openness to be influenced by the views of other people.

Understanding, empathizing and resolving conflict

Relationship building is described as a process that occurs over time – an interaction that seeks to illuminate the perspectives, roles, problems, priorities, motivations, styles and values of prospective partners. One view is that this must involve a balance between how much to invest in the personal as opposed to the strictly work relationship. Time is clearly a significant factor here, as is regular exposure to, and engagement with, partners. It is also felt that a state of understanding can proceed to a higher, and potentially more rewarding level, the condition known as empathy. How-

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ever, it is accepted that, notwithstanding the potential benefits of this end state, a working relationship can still be maintained at a lower level of 'understanding'. The acid test of a robust relationship is considered to be the ability to manage conflict and criticism – the potential to disagree and fallout, but a willingness to move on without harming the relationship.

Personality

The conversations with boundary spanners around building and sustaining relationships inevitably invite references to defining personality traits, characteristics and personal values. Respect, honesty, openness, tolerance, approachability, reliability, sensitivity and many others are viewed as desirable qualities, and the 'best' boundary spanners are considered to be those with an easy and inviting personality, particularly those who are able to divest themselves of their organizational and professional baggage.

Trust

Not surprisingly, trust is raised as a key variable within exchange relationships, acting as a kind of currency or lubricant. The study confirms the conclusion of the literature review that the notion has no universally agreed meaning and, moreover, is often taken for granted and internalized. However, there is consensus that trust must underpin effective relationships at both an individual and organizational level. A number of meanings are attributed to the notion, including that it entails a reciprocal risk-taking involving the giving and receiving of information not widely accessible in the public domain. The risk is, that if the person entrusted with this information misuses it, then some harm could befall the informant. It is conceptualized as a process of 'opening-up' or exposing oneself, and of dependency testing. If it passes the tests of reliability, delivering on promises, not being underhand and being honest, the relationship moves on to a possibly more enduring state of 'deep trust'. This description of trust is very indicative of the calculative model referred to in the literature. Other comments suggest that individuals approach trust in one of two ways. Either by assuming that people are trustworthy from the outset and proceeding accordingly or, believing that people are naturally guarded and even devious, and testing whether this proves to be a self-fulfilling prophesy.

Trust is considered essentially to be a condition that is constituted in the relationship between individuals, although by implication and on the basis of the aggregated behaviour of individuals representing it, organizations can acquire a reputation for being more or less trustworthy. This evidences the difficulty of disentangling personal from institutionalized forms of trust.

Managing through influencing and negotiation

Collaborative environments are characterized by power relationships that are more contested and dispersed than is often the case in traditional bureaucracies where power, authority and control over resources are often

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exercised by individuals drawing on their position and status in the hierarchy. There is an acute awareness amongst the boundary spanners interviewed that they lack direct lines of authority over other partners, and the atmosphere of interorganizational working needs to be set within decision-making models that are premised on consensus, equality and win-win solutions. The skills needed to be effective in these arenas are felt to be influencing, bargaining, negotiation, mediation and brokering.

Influencing is about being persuasive and diplomatic; always being constructive and non-judgemental; leading on some occasions but facilitating in others; and of being acutely aware of the political and personal sensibilities surrounding exchanges. The potential for effective influencing stems from the nature and robustness of personal relationships, and the dynamics often change depending upon whether the encounters are dyadic or in groups, private or in public. Collaboration involves a great deal of negotiation – over aims, funding proposals, operational programmes, priorities, resource allocation and so on. It is seen by a number of survey respondents as a process that is both convoluted and very time consuming, particularly in collectives involving a number of partners. Effective boundary spanners can expect to enter such arenas having to compromise and make careful judgements about the balance between benefits and disbenefits for themselves and other organizations. It is a far from altruistic exercise and needs to be 'hard-nosed', particularly around detailed operational, contractual, financial and delivery considerations as they impact on individual organizations.

A skill that frequently appears in the conversations with the interviewees is the ability to successfully broker solutions or deals between a number of different parties. This requires considerable expertise in influencing and negotiation, but also the perceived legitimacy to act objectively and openly for others – the honest broker role. Brokering effective deals epitomizes, perhaps, the essence of a successful boundary spanner as it depends on the employment of a range of competencies and skills – an acute understanding of interdependencies between problems, solutions and organizations; an interpersonal style that is facilitating, respectful and trusting; and a drive to devise solutions that make a difference to solving problems on the ground.

Networking

Partnership environments are characterized by networked forms of governance and, certainly, networking is the predominant *modus operandi* of choice of the boundary spanner. Within the particular interorganizational domain studied, there is a well-developed network of key 'movers and shakers' – primary nodes in the network – which make partnerships work. It consists of a reservoir of people active at a strategic level, representing different agencies and organizations who are referred to as 'the usual suspects' because of their appearance on many different partnerships. This has considerable advantages in terms of the accumulated investment of inter-

personal relationships and social capital. There are clear benefits of being a member of an interorganizational network, including being at the leading edge of information, having access to new ideas, gossip and happenings in other sectors, professions and organizations, and being able to seek support from and influence people in other organizations. A network offers members the benefit of 'being in the loop' for information of all sorts, about emerging resource opportunities, changing government priorities, impending changes, potential scandals, new needs – the raw material for constructing a joined-up agenda.

Networking occurs at and around meetings, but is most effectively undertaken outside formal decision-making structures, especially in conversations. There is a general view that the 'real' business of partnership work is effected within the framework of these personal exchanges. It is where difficulties are shared, aims agreed, problems sorted out, deals struck and promises made – all out of the public gaze. Crucially, this is where interorganizational imperatives are translated into the organizational realities of individual participants, and where the progress of formal events are mapped out in advance and choreographed.

The extent to which networking involves the blurring of professional and personal boundaries is contested. One view is that a strictly professional relationship is perfectly tenable, but another argues that a more personal relationship will increase the potential, quality and richness of the interchange. The dangers of tight and exclusive networks are recognized, particularly in terms of their potential to become institutionalized through processes of group normalization and shared values leading to 'blindness' in certain areas. Questions are also raised about the inherent fragility of networks that are reliant on personal relationships, and the problems encountered when key boundary spanners are removed from a network as a result of a job shift or breakdown in relationships.

Managing complexity and interdependencies

The interviews with boundary spanners confirm that interorganizational management is a highly complex business. In addition to dealing with often-disparate bodies of technical knowledge and professional expertise, actors are faced with making sense of the structure and process of collaboration. This demands an appreciation of connections and interrelationships which are manifested in different ways at different stages in the partnership process. At the planning and formulation stage, the relevant links involve partner search, problem diagnosis, defining roles and responsibilities, negotiating goals and developing cross-cutting agendas; at the implementation and delivery stage, they are about contracts, agreements, protocols and budgeting; and at the evaluation stage, they involve joint accountabilities and the measuring of outcomes. Although the boundary spanners interviewed operate primarily at a strategic level, they are acutely aware of the need to cross the boundary between strategy and implementation, to ensure

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that policy intentions are translated into problem solving on the ground. In fact, most profess a commitment to achieving real change in the face of difficult problems and issues.

The study isolates three main contributory factors to an ability to manage interdependencies – interorganizational experience, transdisciplinary knowledge and cognitive capability. The value of accumulated 'on-the-job' interorganizational experience is considered to be possibly the main source of understanding. It is the constant exposure to others that enables an understanding of their viewpoints, constraints, cultures, working practices and so on to be stored. Also highly regarded is a track record of employment in different types of organization and sector. The belief is that experience of different cultures, ways of working, roles and responsibilities and past networks – insider knowledge – is invaluable for both making connections and understanding the motivations, mind-sets and behaviours of colleagues in partner agencies.

On the question of technical knowledge, there is a view that boundary spanners need to be knowledgeable in one area of expertise to act as a kind of passport of legitimacy for engaging with people from other organizations – harnessing the power that is associated with knowledge. Another view is that boundary spanners need to be 'a jack of all trades and master of none'. It is suggested that the best boundary spanners do not have a conventional professional or career profile, are less constrained by the attendant baggage, and are not perceived as direct threats to the status of the more professionally grounded practitioners of this art. Numerous references are made to the desirability of having 'analytical ability', 'being able to think laterally', 'taking a holistic view', 'understanding the big picture' and of 'strategic thinking'. Whether these abilities are rooted in experience or a function of a particular cognitive style is a matter of debate.

The ability to be creative, innovative and entrepreneurial is important in joint working environments, particularly where the design of effective solutions to complex problems, the skillful negotiation of sustainable partnership agreements involving a number of different agencies, and the mobilization of resource packages is needed. Interviewees highlight the value of opportunism as well as the ability to collaboratively fashion new solutions to previously intractable problems. In addition, the successful mobilization or levering-in of resources is considered to evidence well-developed entrepreneurial skills. A powerful image of Kingdon's (1974) 'policy entrepreneurs' is invoked by a number of respondents who are adept at coupling solutions to problems, and of often being ahead of the agenda with 'Blue Peter' solutions already prepared in anticipation of future political/resource opportunities or opening 'policy windows'.

Managing roles, accountabilities and motivations

Boundary spanners are acutely conscious of the configuration of roles and responsibilities between agencies within an existing or emerging inter-

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organizational domain, and appreciate the political and professional sensibilities that encompass them. This accumulated knowledge of 'who does what' is vital in the management of partnerships and provides the basis on which potential connections and interrelationships can be identified and explored, both at the strategy formulation stage and for detailed operational programming.

The management of multiple accountabilities is viewed as an area of tension that requires delicate judgement. Boundary spanners are particularly confronted with the accountability interface between their role as organizational representative and that of partner in a multi-agency environment. These accountabilities may be conflicting at times and the situation may be confounded by perceived accountabilities to service users or deep-rooted value systems such as the public service ethos. Boundary spanners interviewed in the survey are adamant about the first call on their responsibility – that is, to their employing organization. However, it is felt that the way in which this is discharged needs to recognize the other sources of accountability. A poor partner is perceived as one who slavishly or dogmatically ploughs a representative furrow in partnership arenas and, irritatingly, has to 'report back' everything to the home organization. Conversely, the more effective partners are those who are empowered, within certain negotiated parameters, to engage constructively with other partners. They have a feel for what may or may not be acceptable to their home organizations and are ready to play the partnership game. Understanding the parameters and constraints of each partner is considered to be highly important.

The interorganizational relations' literature offers a number of explanations to the triggers for partnership working, and some of these resonate well with the individual motivations that are expressed by people in the survey. I conceptualize these as hegemony, resource opportunity and mandate. Collaboration as hegemony embraces the view that interorganizational working is the only way for dealing with complex and interrelated problems that cross artificially created administrative and jurisdictional boundaries. It is the most effective and efficient way of using an organization's resources, avoids duplication and overlaps, and can produce synergistic outcomes that can only be achieved through 'whole-systems' approaches. This model of collaboration also includes the deep-rooted motivation expressed by some boundary spanners of a commitment to service users or citizens as the basis for service delivery – as opposed to approaches based on the convenience of existing bureaucratic structures and administrative arrangements.

Collaboration as resource opportunity reflects the resource exchange model in which organizations seek to work in partnership in order to realize their own internal goals through accessing resources from other organizations. This practice is certainly increasing outside the sphere of 'natural partnerships' with the advent of more cross-cutting issues. The third source of collaborative motivation is mandated. Central government is committed

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to the concept of interorganizational working and is anxious to encourage, persuade, empower or coerce all organizations, particularly in other tiers of governance, to be similarly committed. New legislation, advice, guidance, funding regimes and initiatives are geared to partnership working. The problem occurs where coercion and prescription conceals the true motivations of individuals and organizations. The rhetoric of collaboration may be fuelled but insincere; convenient or fragile relationships may result.

CONCLUSION

It is hoped that the value of this paper lies in the fact that it provides a much needed focus on the individual actor within the field of interorganizational relationships, while the strength of the empirical research lies in its attempt to build a framework of competency-based variables and factors that influence effective collaborative engagement, behaviour and management. The research reinforces many of the images that dominate the relational literature – the boundary spanner as network manager; the importance of building effective personal relationships with a wide range of other actors; the ability to manage in non-hierarchical decision environments through negotiation and brokering; and performing the role of 'policy entrepreneur' to connect problems to solutions, and mobilize resources and effort in the search for successful outcomes.

The empirical research also resonates with institutional level perspectives and theorizing on interorganizational relationships. The network metaphor is certainly a powerful integrating mechanism across all levels of analysis, and the micro-level ties identified by Ebers (1997) can be clearly seen – the management of expectations between actors through the medium of trust, and the ability of catalysts to cope with highly complex and ambiguous information. Individual motivations of boundary spanners, whether mandated or voluntary, have clear parallels with domain level perspectives, and there is an appreciation at the micro-level of the different phases in the collaborative process.

It is recognized that the research presented in this paper is by no means definitive and important questions remain unresolved. There needs to be more specific evidence to link the use of a particular set of competencies or collaborative behaviour to outcomes. The interorganizational literature is particularly poor in this area. It is comparatively strong on antecedents, motives and structures, but weak on processes and effectiveness. Methodologies that link competency to impact, performance and effectiveness need to be explored and developed, particularly in relation to comparisons with other forms of organizing. Although the boundary spanners involved in the research cover different policy areas, organizations and types of partnership, the research does not explore possible differences and contrasts. The role and behaviour of boundary spanners within different contextual and institutional situations needs further examination. Again, many partnerships typically proceed through various stages of development, and are

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manifested at both a strategic and operational level. The skill demands of each of these phases, and the relationship between strategic and operational boundary spanners, represents an interesting avenue for further exploration. A deeper understanding of the dynamics of boundary spanners' interventions would also be an invaluable contribution. These and many other questions offer potentially rewarding pathways for future research.

Finally, there are practical benefits from this type of research. In the current British policy climate, which extols the virtues of partnership working, a clear recognition and understanding of effective boundary spanning capacities is essential to inform the training, development and education of current and potential practitioners. There is a current dearth of opportunities on collaborative working and this needs to be addressed as a matter of some urgency.

There is little doubt that 'the fashioning of collaborative relationships of substance is a job for talented practitioners' (Hudson 1993, p. 375) and much greater attention needs to be focused on their contribution within inter-organizational relationships than has been the case in the past. It is hoped that this paper will stimulate further research in this important aspect of public policy in the future.

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EUROPEAN FORUM

PATH DEPENDENCIES IN EUROPEAN INTEGRATION: A CONSTRUCTIVE RESPONSE TO GERMAN FOREIGN MINISTER JOSCHKA FISCHER

KATHARINA HOLZINGER AND CHRISTOPH KNILL

There is no doubt about the political necessity of the Eastern enlargement of the European Union and corresponding reforms of its political institutions. By contrast, the shape and content of these reforms is a subject that is highly contested between the member states. In this context, when the German Foreign Minister, Joschka Fischer, presented his vision of future development for Europe his ideas were refreshingly welcome However, Fischer's ideas imply, in many respects, a turning away from hitherto accepted paths to European integration. The main claim we want to make in this paper is that, against the backdrop of this breach with the present European-level institutional system, the chance that the Fischer initiatives could come to political fruition must be viewed with scepticism. On the basis of this finding, which rests essentially upon a historical-institutionalist analysis, we develop an alternative concept for a European constitution.

INTRODUCTION

In May 2000, the German Foreign Minister, Joschka Fischer, delivered a speech at the Humboldt University in Berlin, in which he presented his visions of future development for Europe. Fischer's speech was highly welcome, if for no other reason than the fact that, for quite some time now, no politician had dared to reflect so openly about what a united Europe should ultimately look like. As an important actor in an important member

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state, the German Foreign Minister's proposals have been taken highly seriously, by the public as well as by the scientific community (Joerges, Mény, and Weiler 2000). Notwithstanding the broad debate triggered by the Fischer initiative, it has been generally overlooked that his ideas imply, in many respects, a turning away from hitherto accepted paths to European integration.

It is not our first concern to evaluate the functional or normative appropriateness of Fischer's proposals, although it will become clear that they are at least ambiguous from the viewpoint of democratic legitimation. The main claim we want to make in this paper is that, against the backdrop of this breach with the present European institutional system, the chance that the Fischer initiative could come to political fruition, must be viewed with scepticism. On the basis of this finding, which rests essentially upon a historical-institutionalist analysis, we develop an alternative route towards a European constitution. Reinforcement and elaboration rather than rejection of existing institutional structures will be at the core of this alternative concept. This does not imply that, from a normative point of view, 'path jumping' is not desirable; it rather implies that, from a positive point of view, 'path jumping' is not likely.

FISCHER'S MODEL

Fischer presented his proposals as 'thoughts about the final form of European Integration' (Fischer 2000). At the same time, he sketched the lines of development through which this ultimate goal, 'a constitutional contract for the founding of a European Federation', should be attained. The initial premise upon which his reflections are based is full acceptance and completion of the eastern and south-eastern enlargement of the EU, something which would amount to an increase in the number of EU member states to between 27 and 30 within the next ten years. The political necessity for this enlargement rests on security and stability considerations.

These assumptions, in turn, imply a basic reform of European institutions, including: (a) a solution to the problem of insufficient democratic decision-making; (b) a restructuring of the horizontal distribution of power – the allocation of competences and authority among EU institutions; and (c) a restructuring of the vertical distribution of power – the allocation of competences and authority between European-level and national-level bodies.

According to Fischer, a European Parliament has to represent a Europe of nation-states as well as 'the People's Europe'. He proposes a bicameral system. The first chamber would consist of 'elected representatives, who are at the same time members of the national parliaments'; the second chamber would either represent the member states with elected senators, whereby each country would have the same number of senators, as in the US senate, or with government representatives, whereby votes were distributed among countries according to population size, as in the German *Bundesrat*.

To create a European government, Fischer sees two options. In accordance

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with the first, the European Council could 'develop further into a government'. The alternative to this would be, 'based upon the present commission structure', the direct election of a president with broad executive powers. What Fischer probably intends here is an extended role of the President of the Commission, who then, similar to the President of the United States, would create a government, in effect, by appointing a new commission subject to the approval of the Parliament. Fischer believes that this kind of institutional system would overcome the EU's democracy deficit.

On the issue of sovereignty and distribution of power between European and national levels, Fischer believes that European-level authority should be restricted to 'key areas of sovereignty and only those where European regulation is absolutely necessary'. By 'key areas of sovereignty' he means such things as 'currency, and internal and external security'.

Fischer also proposes a concept of differentiated integration. In his view, further integration is impossible without the increased or intensified cooperation of some member states in some areas. Along the same lines as Delors, Schmidt and Giscard before him, Fischer is thinking about a group of countries that would, in effect, draw up a 'contract within a contract' for the purpose of achieving far-reaching, comprehensive institutional reform. Unlike Lamers and Schäuble (cf. CDU/CSU-Fraktion 1994), however, he does not mean an exclusive core of countries; rather, he suggests a 'gravitational centre', an 'open integration magnet for everyone'. Fischer's proposal corresponds to the concept of a Europe of the avant-garde (Club of Florence 1996), whereby he can indeed imagine a large group of core countries. Consequently, he sees his model not only as a constitution for the final state of the European political system, but also as a constitution for a subgroup of member states that are already prepared for comprehensive integration.

Although Fischer's proposals are very open, a closer look at the historical development of European institutions makes it clear that his view entails, in many respects, a turning away from those development paths followed up to now.

PREVIOUS AND PRESENT DEVELOPMENT OF EUROPEAN INSTITUTIONS

The development of the EU from its inception up to the present had various dimensions. First, there were a number of phases of enlargement; second, there were successive expansions of the Community's areas of activity; third, the institutional system was recurrently brought into line with the other developments. Individual steps in various dimensions of the development process did not always occur independently from one another; often they pushed and pulled each other, in line with the neo-functionalist spillover hypothesis (Haas 1953; Lindberg and Scheingold 1970; Burley and Mattli 1993). Other steps in the development process had exogenous causes.

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They came about as a result of events such as the political and economic transformation of Eastern Europe, or as a result of political decisions from some of the core member states. This type of development is usually focused upon by intergovernmentalist theories (Hoffmann 1966; Grieco 1995; Moravcsik 1993).

The development of the EU up to now can be summarized as a one-way, triple-path. From time to time there have been pauses in this development but never a turnabout in its designated direction. First of all, the Community has moved progressively from an intergovernmental to a supranational model. The new form the European polity is likely to take has been increasingly in the direction of a non-unitary federal system. Second, the decision-making system has developed increasingly away from one of intergovernmental bargaining to a political system with a democratically legitimized legislature. Third, on its path from intergovernmentalism to a federal system, the EU has moved towards a governmental system that relies on intermeshing of powers as typically observed in parliamentary democracies. A fourth development, which we can describe as flexible integration, has just begun to occur recently.

Our presentation of the history of European integration does not imply that the EU was designed to move towards a democratic, federal system of a parliamentary democracy type from the very beginning. Rather, it implies, that the historical development can be reconstructed this way. The reconstruction is somewhat stylized, of course. First, there is one development which runs counter to our reconstruction and which will be discussed below. Second, we are not concerned with all details of the integration process, but only with the constitutional and institutional developments. Third, we restrict our focus to the formal constitutional and institutional structures, hence excluding the 'living constitution' of the EU. The constitutional development of the EU is driven both by the intentional constitutional decisions taken at Intergovernmental Conferences (IGC), and by the informal arrangements between self-interested organs of the EU, their day-to-day business, and the interactions of societal and political actors (Kohler-Koch, 2000, p. 31). We restrict our analysis to the first factor, because Fischer's proposal itself is only concerned with the formal constitutional structure.

From intergovernmentalism to supranationality and federalism

The path from intergovernmentalism to supranationality has taken the form of successive transfers of sovereignty from member state to EU level. As is outlined below, the Union's areas of activity and responsibility have continually expanded; the intergovernmental principle in decision-making has gradually been reduced; and a number of federal elements have been introduced.

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Expansion

In 1951, the European Coal and Steel Community (ECSC) was founded. The primary political purpose of the ECSC was to place German and French key war-economy industries under supranational control, so as to prevent another German–French war. With the founding of the European Atomic Energy Community (Euratom) and the European Economic Community (EEC) in 1957, European-level activities and responsibilities grew considerably. The EEC enabled European-level activity and responsibility to expand potentially over the whole European economy. Initially, the EEC concerned itself primarily with trade, competition and agricultural policy. The next expansion of common European policy came with the introduction of the European currency snake, transformed into the European Monetary System in 1978. Although neither of these earlier attempts to couple the currencies was successful, what they did spell was a decisive move in relinquishing an important area of national sovereignty. In 1985, the Commission presented its programme for the completion of the internal market; this generated a subsequent flurry of legislative activity. With the establishment of the structural fund, an instrument for redistribution was created for the very first time. The management and expenditure of financial resources in this field came largely under the control of a supranational actor, namely, the Commission. In 1987, the Single European Act (SEA) came into effect, introducing European Political Cooperation as the forerunner to a common European foreign policy. The SEA amended the Treaty of Rome significantly. It anchored a number of policy areas explicitly in that Treaty, in which the Community had already been partly involved – for instance, environmental policy and regional policy. Environmental policy measures became necessary because of the common market and transboundary pollution. Here, as well as in regional policy, the Commission and the European Parliament (EP) were important supranational actors who pushed to have the corresponding competences firmly anchored in the Treaty. In 1993, the Maastricht Treaty on the European Union (TEU) further augmented the common policy. The essential additions were the introduction of economic and monetary union, which was to be achieved in a series of steps, and the introduction of two intergovernmental pillars into the treaty framework, namely, the Common Foreign and Security Policy (CSFP), and Justice and Home Affairs (JHA). This policy was subsequently revised in the Treaty of Amsterdam (ToA), which took the JHA pillar partly out of the realm of purely intergovernmental dealings.

The continuous growth of common policies can be attributed to three factors. First, intersectoral spillovers demanded responses in policy areas that originally did not belong to the Community's field of activity. Secondly, additional fields were placed under the authority of the Community as a consequence of the political will of its member states. Thirdly, all of these processes were supported by the active politics and interest of the supranational actors. The transfer of sovereignty was achieved in small suc-

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cessive steps. In new fields of activity transferred to the Community, decision-making at first went according to the old intergovernmental principle, the unanimous voice, without much influence from supranational actors. Gradually, however, decision-making in the new fields of activity was brought into line with currently valid procedures.

Decision-making

As a consequence of the Luxembourg Compromise, from 1966 up to the second half of the 1980s, unanimity, *de facto*, was the accepted principle of decision-making within the Council of Ministers. After the mid-1980s, this intergovernmental form of decision-making was progressively and systematically replaced by decision-making based upon majority rule. After the southern enlargement, in the 1980s, the increased number of member states gave cause to reconsider the arduous and lengthy decision-making procedures. Under the SEA, the rule of qualified majority in the Council was introduced for decision-making in matters of the internal market. Since the TEU, the rule of qualified majority has been extended to many additional areas of European legislation.

The TEU introduced two further changes that can be seen as steps on the way to a 'state'. First, European citizenship was introduced. Second, with the establishment of the Committee of the Regions, the sub-national level gained formal representation at EU level. The possibility of direct interaction between sub-national and supranational actors, circumventing the national level, is another indication that the EU is departing further from an intergovernmental system.

There is only one development which runs counter to the overall move towards supranationalism: the growing importance of the European Council after its institutionalization in 1974. The regular summits have strengthened the position of the national governments. The basic directions of the evolution of the EU, constitutional and institutional matters, as well as matters which cannot be resolved within the Council of Ministers, are now decided by the European Council. This undermined the position of the Commission with respect to policy initiative, as well as the position of the Council of Ministers, as all major issues now go through the European Council. Indirectly, the EP has lost power as well, as it can exert considerably less influence on the European Council than on the Council of Ministers. However, it was the Heads of Governments in the European Council and the IGC who paved the way for an ever-increasing role of the Parliament and of majority rule within the Council. Thus, on the level of day-to-day business, intergovernmentalism has been drastically reduced, even if it is still present at the level of constitutional and strategic decisions on the further evolution of the EU.

Federalism

From the perspective of the law, the three constitutional principles of federalism are present in the EU: 'There is an allocation of powers, which as has

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been the experience in most federal states has often not been respected; there is the principle of the law of the land, in the EU called Direct Effect; and there is the grand principle of supremacy every bit as egregious as that which is found in the American federal constitution itself.' (Weiler 2000, p. 2). What is missing, according to Weiler, is 'the existence of a "constitutional demos" ... in whose sovereignty ... the specific constitutional arrangement is rooted'. There is not one people, but the peoples of Europe. In Weiler's view, Europe's *Sonderweg* is marked by a combination of a 'federal' constitutional arrangement and a 'confederal' institutional arrangement, as the reality of Europe is characterized by intergovernmental decision-making. The assertion that there is no European demos is certainly true. However, as we argue in this paper, in day-to-day decision-making of the Union, intergovernmental bargaining has increasingly been complemented by supranational decision-making and by democratic procedures.

In political science two conditions are generally recognized as the mark of a true federal community: the citizens have a political identity on both levels, and the constituent states develop a common economic policy and/or common foreign policy at the federal level (McKay 1999, p. 16). While a common foreign policy is still at the infant stage, a common macroeconomic policy is something that will definitely be required by the EMU. The existence of a European citizenship means that there is now at least formally a political identity at the European level in addition to the national citizenships. Since some of the main characteristics of federalism are present, but only weakly, the current EU is not yet a federal state, but it is clearly moving towards a federal system.

From intergovernmental bargaining to democratic legislation

The gradual democratization of the Community appears, first and foremost, to be attributable to the political will of its member states and to the battle of the EP to gain greater influence. Parliament's forerunner, the Common Assembly, was composed initially of delegates from the national parliaments and had only an advisory function. In 1974, the direct vote of representatives to the EP was decided; the first such parliamentary election was held in 1979. Although this step did not bolster the real power of the EP, it did increase its legitimacy, and it gave its voice more weight among the general public.

Parliament used its increased legitimacy and voiced itself first in several influential initiative reports. To a certain extent, therefore, the direct vote prepared the ground for what was, at that time, still a weak form of participation in decision-making. With the SEA, the EPs participation in Council decision-making was firmly established. As a supplement to the previous consultation procedure the so-called cooperation procedure was introduced. This permitted Parliament and the Commission to engage formally

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and actively in legislative decisions by the Council and it lent Parliament a suspensory veto.

The EP's engagement with the legislature was further strengthened in the TEU. Many matters were now subject to the new co-decision procedure in which Parliament and the Council have equal voice. Parliament was then given a real veto; for disputed cases, there is now a joint Mediation Committee consisting of members from both chambers. With the ToA, the areas of application of the co-decision procedure were again expanded, and the procedure itself was somewhat simplified.

Parliament's rights of control were also successively expanded. Its participation in budgetary procedures, its investigating committees, its right to petition, its power to raise a motion of no confidence, and its voice in appointing the Commission, gradually transformed the EP into a classic first chamber whose right of co-decision, however, is still limited since it has not yet been extended to all Community Acts.

On the way to a parliamentary democracy with intermeshing of powers

The European Community enlargements and the expansion of its areas of competence required institutional reforms. The increase in the number of member states has meant the necessity for more efficient decision-making procedures and, in recent times, for more flexible methods of integration. What stands out is the high degree of continuity and the gradual elaboration, strengthening and expansion of the institutions. This indicates a clear direction of development, namely, that the system is moving formally towards a bicameral arrangement with a popular and a federal chamber. Further, all indications point to a parliamentary-democracy type of system in which the powers are intermeshed and the executive body is accountable to the Parliament.

The 1951 ECSC Treaty created the nucleus for European institutions. The High Authority formed an independent supranational organ; it had legislative and executive powers, including the right of initiative. The Council of Ministers was the legislative authority. The Common Assembly had a purely advisory function. Moreover, the European Court was established; it was responsible for the application and interpretation of the law generated by the ECSC.

This institutional structure was taken over by both of the new communities, the EEC and Euratom, created under the 1957 Treaty of Rome For all three communities, then, each had its own Council of Ministers and its own executive authority (called the 'Commission' in the EEC and Euratom). The Common Assembly and the Court were the shared institutions among the three communities. Near the end of the transition period for the EEC, a common Commission and a common Council were created by means of the Merger Treaty. As a result of this, all the government institutions were integrated.

As a result of the gradually enhanced status of the EP, described above,

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and as a result of the new decision-making procedures, subsequent amendments to the Treaties meant significant changes in the horizontal allocation of competences and authority. The TEU rolled back the influence of the Commission in formal decision-making: the Commission no longer had a role in the co-decision procedure; the area of application for the cooperation procedure was drastically reduced. But in terms of executive functions, the position of the Commission was in fact strengthened: it was now permitted to impose fines on member states that violated the Treaties.

Formally, the EU's polity consists of an executive body, the Commission, a Court of Justice and two legislative chambers: the Council of Ministers as the federal chamber, and the EP as the popular chamber. The structure of the organs of government is thus similar to that of a federal state. With respect to representation, the chamber of the member states more closely follows the model of the German *Bundesrat* than it follows the US Senate model, as the representatives are members of the national governments and as there is weighted voting. The comprehensive legislative power of the Council, however, corresponds more closely to the US Senate than to the *Bundesrat*. Although the *Bundesrat* votes on and passes all legislation, its *assent* (meaning an absolute right to veto) is only required for about 60 per cent of German laws. What deviates from the usual governmental systems in democratic states is the restricted right of initiative of both chambers and the limited legislative power of the EP. That the executive body, in addition to its right of initiative, also has limited legislative powers is not uncommon. Governments can, under most systems, pass lower-level acts of law.

Nevertheless, it must be emphasized that there is no clear institutional separation of powers; in that way, the EU system is distinct from a presidential type of governmental system. The intermeshing of the executive body and the legislature is much more suggestive of a parliamentary system. The government is not directly elected by the people; rather, it is selected by the parliamentary chambers, although in a very unusual way. The government is proposed and appointed by the federal chamber; the popular chamber must approve the appointments, and it can also recall the Commission by a motion of no confidence. The latter is, in fact, generally taken to be the central feature of a parliamentary-democratic system (Ismayr 1997, p. 15). However, the programme and the composition of the Commission do not reflect the outcome of the elections to the EP. Thus, the European polity resembles a parliamentary democracy in the formal sense, rather than in the substantive meaning of the term. A further development into a parliamentary system would require two major constitutional amendments: a more balanced division of powers between the Council and the EP, and election of the Commission by the EP. Nevertheless, with its intermeshing of powers, the formal architecture of the organs of the EU is much closer to a parliamentary than to a presidential system.

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Towards flexible integration

The 1995 enlargement and the steadily growing number of applications from countries wishing to join the EU triggered new discussion over the necessity for institutional reforms. One of the main points of discussion is the possibility for individual countries to opt out of the common policies. Up to now, however, a retreat of individual member states from the common policies has only occurred with the European Social Charter and with Monetary Union, in which both the UK and Denmark have chosen not to participate. The ToA introduced the so-called notion of 'closer cooperation', which foresaw, for the first time, a regular possibility for flexible integration. Closer cooperation is only possible, however, if more than half of the member states participate and if no other member exercises a veto. At the Nice summit these conditions were changed. Now, a minimum of eight member states must participate, and decisions on closer cooperation are taken by qualified majority.

FISCHER'S BREAK WITH THE PATH OF INSTITUTIONAL DEVELOPMENT

Fischer's constitution for the European Federation breaks threefold with the above-described lines of development. For both paths, from intergovernmentalism to supranationality and to democratic representation in a federal system, Fischer's proposals would imply a reversal of direction. With respect to structure of the government institutions, his proposals mean, in at least some variations, 'jumping the path' from a typical European parliamentary democracy with intermeshing of powers to a US-style presidential system with separation of powers.

Concerning the government and the federal chamber, the Fischer proposals are ambiguous: the 'European Government' will either be composed of ministers from the member states, or of Commissioners, the head of which will be a directly elected president. The federal chamber is supposed to represent the member states, and it will follow the models of either the German *Bundesrat*, or the US Senate. From these proposals, we can derive four model variations, the elements of which are captured in the overview below (table 1). For purposes of comparison, the organs of government of the present EU have been included in the final column of the table.

Deviation from the path to democratization

The four variations have in common a chamber made up of members of the national parliaments which would, in effect, replace the present directly elected EP. In Fischer's proposal the popular chamber consists of 'elected representatives, who are at the same time members of the national parliaments'. How could this work in practice? One possibility is direct election by citizens. In this case, in a European election only members of national parliaments could run as candidates. This in fact would not be practicable so long as elections do not take place simultaneously in all member states

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TABLE 1 *A comparative overview of Fischer's proposals*

	Variation 1	Variation 2	Variation 3	Variation 4	Present EU
Legislature Popular chamber	Representatives are members of the national parliaments	Representatives are members of the national parliaments	Representatives are members of the national parliaments	Representatives are members of the national parliaments	Directly elected European representatives
Federal chamber	*Bundesrat* model (government representatives, weighting of votes)	Senate model (directly elected representatives, equal number of votes)	*Bundesrat* model (government representatives, weighting of votes)	Senate model (directly elected representatives, equal number of votes)	Government representatives, weighting of votes
Executive body	Heads/members of the national governments (to whom are they accountable?)	Heads/members of the national governments (to whom are they accountable?)	Directly elected president (not accountable to, popular chamber?)	Directly elected president (not accountable to popular chamber?)	Appointed by the European Council, accountable to, but not members of Parliament
Type of governmental system	Not clear, inter-governmental governance structure	Not clear, inter-governmental governance structure	Resembles presidential system, separation of powers	Resembles presidential system, separation of powers	*Sui generis*, resembles formally a parliamentary democracy, intermeshing of powers
Impact in comparison to the present EU	Clear re-nationalization, strong move away from democracy	Re-nationalization, move away from democracy	Slight re-nationalization, move away from democracy	Slight re-nationalization, increase in democratic legitimation	

and at the European level – something which is rather unrealistic in the near future. With different election periods, however, during a EP's term, members of parliament would have to stand down if they lost their national mandate in a national election.

A second possibility is the election of European representatives by the national parliaments choosing candidates from their membership. The problem of different national election periods still remains but could be solved in the following way: after each national election the European representatives of this member state would be elected anew. This would imply that there is no election period of the EP itself but a constant revolving of its membership, similar to the German *Bundesrat*, where the government representatives may change after elections at the *Länder* level. Such a solution would be practicable, although it is not common in popular chambers. It would also imply, however, that the EU representatives mirror the party composition of the national parliaments. Thus, the majority of the represen-

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tatives in the EU for each member state would belong to the party in government. Therefore, Fischer's proposal of 'elected members of national parliaments' is the equivalent of *delegates* of national parliaments – and so it was understood in Germany (*Süddeutsche Zeitung*, 18 May 2000, p. 11).

This form of indirect representation would mean a significant loss of democratic legitimation for European politics. Although Fischer claims explicitly that his model would eliminate the democracy deficit, this would be true, at best, only in a formal sense. The representatives of the member states in the federal chamber would have only indirect democratic legitimation, while the representatives in the popular chamber would acquire direct democratic legitimacy through direct election, but only at the national level. In contrast to the present representatives in the EP, therefore, Fischer's member state delegates would not be elected at European level as representatives of the people.

In variations 2 and 4 (see table 1, above), where the federal chamber would be a Senate-like structure, the lack of legitimation of the first chamber would be compensated through the direct democratic election of the senators at European level; in variations 3 and 4, the government would acquire democratic legitimacy through direct election of the President. Whereas variation 1 would mean a significant reduction in democratic legitimacy, in variation 4, the democratic legitimacy of the system in its entirety would be greater than that of the present EU. Model 4, however, probably has the least chance of getting through, because it deviates the most from the present European institutional system.

Re-nationalization

In Fisher's model, the national state executive bodies, above all, would gain considerably more power in European decision-making than they have at present. The first chamber would be made up of members of the national parliaments, whose majorities, under the usual European parliamentary systems, support the respective government positions. In variations 1 and 2, this would correspond to multiple representation of national governments at European level. In variations 3 and 4, we can also justifiably refer to a re-nationalization of the European structure, since the popular chamber would be made up of delegates of the national parliaments, and the federal chamber would represent the national states anyway. While in variations 2 and 4 the federal chamber with its directly elected senators would represent the citizens of the member states, in variations 1 and 3 it would represent the national governments, and thus the executive again. Under the present system of decision-making, representatives of the national governments have – as they have always had up to now – the greatest power; in broad areas, however, the supranational actors, the Commission and the EU Parliament, have significant say in legislative matters.

It can be assumed that Fischer, with his suggestion to have a federal chamber comparable to the *Bundesrat*, did not mean that this chamber

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should not have full legislative powers. In his speech he refers to weighting of votes and to representatives of government but not to the restricted legislative role of the *Bundesrat*. Thus it is reasonable to assume that on the Fischer model and contrary to the present structure, both chambers would be given equal power. Even if this were the case, however, one could not speak of a true division in areas of sovereignty between European-level and national-level actors, because in each variation of Fischer's model, as in at least two organs, national members of parliament or national executive bodies would be represented. On the whole, in contrast to his rhetoric and his claims, the Fischer model of a European Federation spells a clear re-nationalization of structures and therefore a U-turn, so to speak, on the path taken up to now towards supranationality.

Deviation from the path to a parliamentary system with intermeshing of powers

Several elements of Fischer's concept – for instance, the directly elected president and the federal chamber based upon the US Senate – are reminiscent of a presidential system of government and the American model. Since the main characteristic of a presidential system is an independent, directly democratically elected executive body, the President, with complete separation of powers between the executive and the legislative parts of government, variations 3 and 4 can be assigned to that category. In accordance with that definition, variations 1 and 2 would not be categorized as presidential systems. However, since the executive body, here, neither stems from nor is accountable to the legislative body, we are also not dealing with a parliamentary system. These variations, therefore, can best be described as an intergovernmental governance structure. Up to now, the institutional system of the EU has generally followed the path towards intermeshing of powers and a parliamentary–democracy model; to that extent, Fischer's proposals represent a clear break with the institutional tradition in the EU and in Europe. Fischer's alternative model would necessitate a jump to a different institutional development path.

THEORETICAL CONSIDERATIONS ABOUT THE POLITICAL VIABILITY OF FISCHER'S MODEL

To what extent does Fischer's model represent a realistic alternative for institutional reform of the EU or at least point roughly in the direction reforms could go? If we wish to venture a prognosis about the political viability of distinctive institutional reform proposals, we must first answer the question on the basis of which analytical or theoretical frameworks we could do so. Federalism theory in political science as well as the two dominant theories normally appealed to in analyses of the European integration process – intergovernmentalism and neofunctionalism – permit only limited prognoses in this respect. The executive body, in addition to its right

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of initiative, commonly also has limited legislative powers. As has been said, governments can, under most systems, pass lower-level acts of law.

Classic federalism theories in political science provide insights into the motives for building up conglomerates of states – that is, the merging of nation states. The founding of a federation can be explained, for instance, by neighbouring states having common interests (Deutsch 1957), by the driving force of federalist ideologies (Franck 1968), or by external forces, domestic threat or the desire for territorial expansion that cannot be achieved through military action (Riker 1964). In terms of static analysis, the economic theory of federalism deals primarily with the optimal distribution of tasks and authority between different institutional levels and the optimal degree of centralization (Olson 1968; Oates 1972). In terms of the systems competition model, economic federalism theory concerns primarily the dynamically efficient allocation of governmental tasks and authority in multi-level systems (Breton 1997). Although concrete proposals exist for how the institutional structures of such a competitive federalism model would look – for instance, the functional, overlapping, competing jurisdictions concept (FOCJ) (Frey 1996) – all of these theories have a normative character. Thus, they cannot really contribute to an explanation of the actual institutional development in Europe

From the perspective of intergovernmentalism, the European integration process can be explained as the result of intergovernmental agreements. The EU is thus interpreted as an institutional system to coordinate states' interests (Keohane and Hoffmann 1991; Moravcsik 1993). According to this model, European institutions serve as instruments for resolution of conflicts between states, reducing both uncertainties and transaction costs. Intergovernmentalism thus explains the creation and development of European institutions primarily in terms of the functions that they perform for the member states. Decisive here is that the institutional structure of the EU 'is acceptable to national governments *only* [authors' emphasis] insofar as it strengthens, rather than weakens, their control over domestic affairs' (Moravcsik 1993, p. 507).

The explanatory power of intergovernmentalism is particularly emphasized, whenever – as in our case – the issue is about constitutional decisions and less about the detailed analysis of European policy developments; on the basis of this theory, prognoses about specific institutional developments are nevertheless rarely possible. One can make statements or assumptions about the options and potential advantages of intergovernmental cooperation, but not about the concrete form of its institutional structure; ultimately, a multiplicity of institutional forms is conceivable, whereby cooperation among EU member states, based upon such forms, would prove mutually beneficial (cf. Shepsle 1989).

This open-endedness of the above-discussed theories in terms of their ability to define concrete institutional structures also characterizes neofunctionalist theories. Neofunctionalism interprets the development of

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European institutions as the creation of a political authority above the nation-state. This process is driven by the progressive reorientation of social actors (mainly the political elite and special interest associations) toward the supranational level which is ascribed a superior ability to develop and provide solutions to political problems; it is expected that these solutions would better meet the interests of the nation-states than would the unilateral activities of national governments. Spillover processes as well as autonomous action by supranational actors favour a kind of supranational institutionalization that – in contrast to intergovernmentalism – is not reducible to a revocable transfer of exactly defined competences and authority to a regional organization (Haas 1958; Lindberg and Scheingold 1970; Jachtenfuchs and Kohler-Koch 1996, pp. 17–18).

Focusing on the process dimension of integration has meant that consideration of possible institutional end results has been neglected (Schmitter 1992). Accordingly, scenarios have been developed that, in addition to the development toward the 'regional state', foresee a continual 'asymmetrical overlapping' of common and national areas of authority (Haas 1971, p. 31). With that, however, neofunctionalism theory still offers few starting points for a reasonable prognosis about the concrete shape of European institutions. Emphasizing the development of supranational institutions implies nothing about the concrete weighting of supranational and intergovernmental components. To that extent, then, it is difficult to draw conclusions about the viability of Fischer's model.

The classic theories on European integration yield no clear conclusions about the development of the European institutional structure and, consequently, no conclusions concerning Fischer's reform proposals. To generate more concrete statements, we shall have to take recourse to alternative theoretical concepts. In the light of the basic formulation of the issue, as we have laid it out here, historical institutionalism in particular would appear to provide such an alternative framework (Knill 2001; North 1990; Pierson 1996; Thelen and Steinmo 1992). Even though historical institutionalism does not represent a consistent theory in itself, we can use it to generate some preliminary conclusions about the process of institutional development over the course of time.

The central argument here is the emphasis on the path-dependence of institutional change, implying that initial institutional decisions – even suboptimal ones – can become self-reinforcing over time (Krasner 1988; North 1990). Initial choices encourage specific responses and commitments by political, social and economic actors, greatly increasing the cost of adopting once-possible alternatives and hence inhibiting exit from a selected institutional path (Pierson 1996, p. 145).

Existing institutions influence the strategic opportunities of actors by opening up specific corridors of action while, at the same time, excluding other options. Institutional change can therefore be expected to be based upon incremental adaptation along specific paths; fundamental departures

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from these paths can be expected to occur only very rarely: for instance, in the case of external shocks or fundamental crises (Thelen and Steinmo 1992). The adaptation of institutional arrangements to changing environmental conditions and actors' preferences 'is therefore crucially influenced by . . . the origins and the paths by which they have arrived where they are' (Olsen 1995, p. 4).

Indeed – and this should have been clear from the preceding sections – just such historical development paths can be identified for the European institutional structure. This perspective leads, in turn, to a rather sceptical assessment concerning the political viability of the Fischer reform proposals. This statement becomes more tangible on closer inspection of some of the analytical considerations based upon the theoretical approaches comprising historical institutionalism.

In this context, a first factor refers to the fact that existing institutions might significantly restrict the strategic opportunities and constraints for political actors in order to initiate and enact institutional reforms. Institutional hurdles of this kind are in general particularly apparent when – as in our case – the issue is about constitutional reform (Moe 1990). Thus, amendments to the European treaties require not only a unanimous vote by EU member states, but, beyond that, ratification by the national parliaments as well as (in some countries) ratification by referendum.

These rules governing constitutional reform in the EU create what Scharpf (1985) has called a 'joint-decision trap'. Since any departure from initial institutional choices has to be accepted by all member states, these constellations favour the persistence of the *status quo*. As long as only one important member state strongly prefers the initial choice over new solutions, no reform decision will be taken, implying that the initial arrangements persist.

In view of these requirements, it is rather improbable that the EU member states would agree to fundamental institutional restructuring along the lines implied in the Fischer proposals. This is even more the case if we consider the fact that, together with decisions about institutional structure, ultimately, decisions about the distribution of power are being made (Knight 1992). Beyond that, it is not at all apparent why the member states should be prepared unanimously to shift away from an institutional path which, up to now – despite blockades and stagnation from time to time – has proved successful, and choose to engage in a political experiment about which *ex ante* no dependable claims are possible (Lepsius 2000).

Even if we consider the influential role of the German–French leadership, which facilitated agreement with respect to earlier reforms of the European institutional structure, this still does not yield a more optimistic assessment of the chances that the Fischer proposals would be adopted. This is not only because, with the increased number of member countries, the relative political weight of Germany and France within the EU has decreased (Hix 1999), but also because – regardless of overlap and convergence – Germany

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and France have clearly different ideas about reform of the European institutions (Quermonne 2000). This is particularly the case for the already-mentioned parliamentary structure of a bicameral system, as well as for the creation of a European government (Juppé and Toubon in *Frankfurter Allgemeine Zeitung*, 17 June 2000, p. 8). In short, one cannot assume the reform-favouring influence of a German–French avant-garde leadership.

A second factor, which indicates path-dependent development rather than a fundamental restructuring of the European institutions, refers to the degree to which existing arrangements are institutionally embedded. Krasner (1988) introduced two dimensions that determine the degree of institutional embeddedness and, consequently, the degree of institutional stability: institutional breadth and institutional depth. Institutional breadth is defined as the degree to which specific institutional arrangements are intertwined with their institutional environment. The more intertwined they are, the more the adaptations of individual institutional arrangements will necessitate corresponding reforms in other areas. Hence, the implied costs of adaptation and the degree of institutional stability rise with the degree of institutional breadth. From this perspective, Fischer's comprehensive reform proposals represent a relatively unrealistic option, as they would also require extensive, completely new structuring of the institutional framework.

Particularly problematic in this respect would be the adoption of Fischer's ideas about re-nationalizing European-level competences and authority. Such a proposal ignores potential repercussions from the activities in one policy field on other sectors. Policy interaction effects of this kind are well documented; they have been observed, for instance, between monetary and agricultural policy (McNamara 1993), and economic and social policy (Leibfried and Pierson 1995). As a consequence of these cross-sectoral interdependencies, which increase the degree of Europeanization of policy areas, the ability to purposely exclude other policy sectors from being placed under the authority of the Community is greatly reduced because 'the sectors to be integrated cannot effectively be isolated' (Pierson 1996, p. 139).

A further aspect, from which higher costs of adaptation would result, concerns Fischer's ideas about differentiated integration based upon his notion of an 'open core of European countries'. Since his institutional reforms are, first of all, only supposed to affect an avant-garde of core countries prepared to integrate, his concept implies, at least in the transitional phase, that there would be two complete, co-existing institutional frameworks: an enlarged EU and a European Federation made up of an expanding group of core countries. This doubling of institutions and the corresponding problems of institutional coordination have already been addressed by the French Foreign Minister, Hubert Védrine, who underscored them as a major weakness of the Fischer concept (*Frankfurter Allgemeine Zeitung*, 13 June 2000).

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The degree of institutional interconnectedness can be seen as more than just an obstacle to reform in the sense of a hindrance to the adaptation of existing structures. On the contrary, a certain degree of institutional anchoring can be a precondition for institutional innovation, the aim of which is not to abolish or replace existing structures, but rather to introduce new, additional, elements. One of Fischer's proposals, the introduction of a directly elected President of the Commission, is a good example of the latter. The direct election of a Commission President presupposes a fully developed European political party system and corresponding competition between Europe-wide parties; but, at European level, these institutional preconditions have neither been met, nor can we anticipate that such structures will be created in the foreseeable future. To that extent, Fischer's concept is probably doomed to failure – not so much because of the institutional inflexibility of existing structures, but rather because the Fischer-type elements are not institutionally anchored in present institutional arrangements.

Institutional stability is not just a function of the degree of horizontal interconnectedness; it is also a function of the depth of embeddedness. Depth is defined as the extent to which institutional structures are rooted in dominant political ideas or paradigms. Seen from this perspective, we also arrive at a sceptical assessment of the political viability of the Fischer proposals.

Fischer's suggestions, in some areas, suggest an institutional system that more closely resembles the US presidential model than it does the dominant pattern of parliamentary democracy to be found in the EU member states. This implies more than just higher costs of institutional adaptation. Because the governmental systems of the EU member states are of the parliamentary type – characterized by the high intermeshing of powers as opposed to the separation of powers to be found in the US – this will have a significant impact on the expectations and conceptual aims of the social and political actors who operate within that tradition. Ideas such as Fischer's about how structures of the future European multi-level system ought to be designed, and that deviate significantly from or are not reconcilable with existing paradigms and institutional myths, will hardly be politically justifiable (see Kohler-Koch 2000, p. 30).

The same holds for those of Fischer's ideas that imply a reversal of the democratization process in the EU. Although, in the current scientific discussion, it is to some extent questioned that the same demands for democratic legitimacy that would be placed on national political systems must also be placed on the EU political system (Majone 2000), the dismantling of possibilities for democratic control is scarcely politically defensible and it is not likely to be achieved, if for no other reason than the increasing mistrust of the general public vis-à-vis European institutions (Schmitter 2000).

For similar reasons, Fischer's ideas about differentiated integration based

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upon a set of European core countries have little chance of coming to fruition. Fischer's kind of solution would imply, at least for a transitional period, the establishment of a two-class Europe – a development that clearly deviates from the notion of European integration we have had up to now. Moreover, vis-à-vis those member states deemed as not 'worthy of belonging to the core', Fischer's concept would be politically difficult to push through and to defend. It is no accident, therefore, that his formulation of a 'European core' is contradictory: a core that is, at the same time, 'open for everyone'. The path of European integration followed up to now leans more towards the direction of functionally differentiated regimes of member states than it does in the direction of fixed cores.

Fischer's proposals constitute not only a turning away from the integration policy models and principles followed up to now, in terms of institutional development, they, in fact, constitute a real break with current European reform policy. Up to now integration has been characterized by the 'Monnet method', according to the formula, 'step by step to more integration without a blueprint for the final goal' (Schneider 2000, p. 171). Fischer's obvious fixation on the final appearance of an integrated Europe stands in notable contrast to past and present European systems development policy that has been characterized by conscious rejection of an 'end state' focus (Lepsius 2000).

Historical and theoretical considerations presented up to now, indicating a path-dependent development of the European institutional system, begin to look even more plausible when we take into account the reform steps agreed at the Nice summit in December 2000. Independently of how we politically assess the compromise package, it represents without doubt an incremental further development of the European institutional system rather than fundamental departures from existing institutional paths. This holds true, for instance, with respect to the partial expansion of majority voting in the Council, the moderate changes in the weighting of votes, as well as the future restrictions of the number of Commissioners to one per state.

AN ALTERNATIVE CONCEPT OF REFORM

Against this backdrop, it is doubtful whether Fischer's proposed 'founding of a new constitutional basis' represents a realistic alternative, but this in no way precludes the necessity for institutional reform in general. The problem is to find an alternative concept of reform (one that is politically viable and functionally suitable) in order to guarantee that an enlarged EU can continue to operate. In this section, we intend to demonstrate that a concept which fulfils these conditions by no means requires the departure from the institutional development path followed up to now, but can be based on the continued further development of what has already been achieved.

In developing our concept, we consider both analytical and normative criteria. In analytical terms, our major concern is with the political viability

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of institutional reforms. Taking into account the insights derived from historical institutionalism, the objective is to design a reform concept that avoids fundamental departures from the *status quo*. It might therefore come as no surprise that many of our suggestions imply incremental changes rather than revolutionary ideas. Hence, our suggestions do not reflect an 'end state' of the integration process, but rather indicate intermediary steps towards this objective.

From a normative perspective, we start from three basic conditions. The institutional reforms should not only secure the decision-making capacity and democratic legitimacy of the EU political system, but also promote the further deepening of European integration.

We are fully aware of the fact that our suggestions are by no means the only way to achieve these normative criteria. In the scientific and political debate many options have been advocated which could fulfil these normative objectives even more effectively. However, in many instances, these proposals suggest fundamental departures from the existing developmental path of European integration, hence indicating potential problems with respect to their political feasibility. In the following section we therefore present the basic elements of a reform concept for the European institutional structure which explicitly seeks to balance normative objectives and political viability.

Clear criteria for the distribution of competencies

Concerning the issue of dividing sovereignty between the member states and the federation, Fischer's proposal entails nothing new. His demands to restrict the competencies of the federation to those problems which really require a solution at the European level is well in line with the principle of subsidiarity. The implementation of this principle, however, suffers from the fact that it has never been specified by clear criteria guiding the allocation of competencies between the EU and the member states (von Beyme 2000, p. 6).

In view of this deficit, several proposals have been made in the literature to explicitly define European and national competencies in the Treaty. For the most part, a 'bipolar' list is proposed which enumerates not only the competencies of the European level, but also those areas under the exclusive jurisdiction of the member states (Fischer and Schley 1999; Scharpf 1994, p. 135). The assignment of responsibility at European level should occur primarily when the problems to be solved have a global, Europe-wide or transboundary character, as is frequently the case for trade or environmental policy; or where a common policy would bring with it substantial political advantages, as is the case with the CSFP and JHA. In this way, tendencies towards the centralization of competencies at the European level can be avoided.

The development and implementation of such a constitutionally defined catalogue of European and national competencies, however, might suffer

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from important practical problems. This can be traced to the fact that a functionally adequate allocation of competencies can hardly rely on merely sectoral criteria, but has to be defined in view of underlying problems to be addressed. As a consequence, the emergence of new problems would require a complicated and lengthy procedure in order to adapt corresponding provisions in the Treaty.

To allow for a more flexible allocation of competencies, it might constitute a better solution to define clear criteria for the distribution of competencies in the Treaty, rather than to formulate an enumerative catalogue. In this way, not every reallocation of competencies would require constitutional changes, but could be achieved within the usual decision-making procedures on the basis of the Treaty.

Such rules could replace the rather open criteria specified in the general clause of art. 308 (ToA, ex. art. 235) which has been criticized as a 'gateway of spillovers', hence favouring the centralization of competencies at the European level (Kohler-Koch 2000, p. 35). Moreover, these criteria should entail the possibility of re-nationalizing European competencies in the light of changing conditions.

However, none of these options should seduce policymakers into any illusion: in an age of global markets, global transportation and communications systems, global environmental problems, and the building up of new political blocs, we must reckon with the fact that the greater part of all necessary political and legal measures will fulfil the criteria for a corresponding allocation of competencies at the European level (cf. Scharpf 1994, pp. 138–9; Lepsius 2000). In the future, it should be expected that more and more policy and decision-making will be placed under the authority of the Union.

Flexible integration

Because the increasing heterogeneity of the member states will make common politics and policies more difficult, it will be necessary to permit some form of differentiated integration (cf. Grabitz 1984; Giering 1997; Stubb 1996, Holzinger and Knoepfel 2000). To avoid the problems associated with the introduction of a group of European core counties or a 'gravitational centre', a solution based upon the flexible and functional cooperation of different territorial units should be considered. This form of integration would have the advantage that corresponding regulation for it already exists, namely, the possibility for 'closer cooperation' addressed in the ToA and further developed by decisions taken at the Nice Summit in December 2000. If this principle were to be extended to subnational units, and the conditions for closer cooperation eased (eradicating the requirement for a minimum number of members), this would make forms of differentiated integration possible.

Different groups of member states could join together to form a regulatory unit, for instance, which could be responsible for a specific policy or

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task. The geographical scope of such a unit would be determined either by the nature of the problem to be solved – so, for instance, the Alpine states could come together to solve problems related to tourism, or the states adjoining the Rhine could work together on water quality problems – or the regulatory unit would be based upon common political will, as in the case of Monetary Union. This kind of cooperation could also be made possible for subnational units such as the German *Länder* or local authority districts. The model we have in mind here is that of the American 'special districts', that is, special-purpose associations of local authority districts that have the power to raise levies to solve specific problems or carry out specific tasks.

Appointment and organization of the Commission

Fischer's proposed options for creating a European government – (1) further development of the European Council; or (2) the present Commission structure with a directly elected president – reflect no realistic alternatives to the present institutional structures. While Fischer's first option implies a complete break with institutional development as it has been up to now, the institutional prerequisite for his second option – a fully developed European party system – is missing. Thus, we would suggest that everything speaks in favour of sticking to the current practice of appointment and political control of the Commission, which incorporates both the European Council and the Parliament.

More urgent than the problem of appointment and control of the European executive body is the question of its composition. Fischer's concept offers no concrete proposals for this. At the Nice Summit a proposal was accepted that the future number of Commissioners will be restricted to a maximum of 27, one for each (anticipated) member state. However, a European government consisting of 27 Commissioners, with their respective General Directorates, would represent an unnecessary inflation of the European bureaucracy. If our goal is to have a slimmer, more efficient and, at the same time, truly representative executive body in an enlarged EU, then we shall have to consider another solution. It is possible to expand the field of play for national representation, if, besides a maximum of 20 Commissioners, the respective General Directors (who are similar to the German permanent secretary or the British under-secretary) are also included in the political positions that are to be allocated. This solution could be implemented step by step, gradually switching from permanently appointed public officials to 'political' General Directors.

A European bicameral system

The main pillars for a European legislative system, pillars which would guarantee democratic legitimacy and political operability, already exist in the present institutional structure. With comparatively moderate reforms, a functioning bicameral system could be developed, based upon one directly

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elected and one federal chamber, namely the EP and the Council of Ministers.

The first aspect that has to be addressed concerns the voting rules in the Council. To ensure the decision-making capacity of an enlarged Union and to avoid 'joint-decision-traps' emerging from the unanimity rule (Scharpf 1985), decisions should in principle be based on a qualified or simple majority; the precise areas of application are still to be defined.

Secondly, it has to be taken into account that majority voting in the Council implies at the same time important problems for the democratic legitimation of European decisions. While under the unanimity rule European decisions can still be considered as indirectly legitimated via the national parliaments, this is no longer the case for decisions taken under majority rule, where this legitimacy chain is interrupted (Kohler-Koch 2000; Zürn 1996).

These democratic deficits could, in principle, be compensated for by strengthening the powers of the EP. Thus, the co-decision procedure already partly in practice could be extended to all areas of European policy making. This means expanding the EP's areas of legislative competence, which implies, in turn, that the democratic legitimacy of European politics in general would be increased. Moreover, in order to ensure more equal representation of the population, changes would require to be made to achieve uniform European election rules and to correct the current imbalances in terms of population sizes and number of representatives for individual member states.

However, it is well acknowledged that a functioning democratic system cannot be created by merely adjusting formal rules and enhancing the competencies of the EP. In order to live up to democratic standards, it is argued that Europe needs a *demos*, a European public as well as a transnational political infrastructure (Abromeit 1998; Kielmannsegg 1996).

Demos refers to the idea of a European society that is willing, across all divergence of opinion and interests, to live under common rule and to share political and social rights with all other citizens. In view of the heterogeneity of the European societies in a Union of 27 or even more members, it is generally considered questionable whether a European *demos* is in the making. There is surely no social European identity yet, although a recent study shows that there are a number of shared values which are typical of Western, Eastern and Southern European countries (Fuchs and Klingemann 2000). Even more doubtful is that a European public will exist in which European citizens communicate about their preferences in tastes and values, given the heterogeneity in language, culture and traditions. Moreover, it is argued that without a European space, a Europe-wide media structure and a European party system, there exists no transmission belt and no political discourse that can make the voice of European citizens heard (Kohler-Koch 2000, p. 34).

In view of this lack of societal conditions for a functioning parliamentary

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democracy at the European level, suggestions have been made that reliance should be instead on forms of direct democracy. Abromeit (1998), for instance, has proposed the introduction of different types of referenda, by which the electorate can veto political decisions taken at the European level. She distinguishes between a regional veto, which refers to all European decisions interfering with the autonomy of subnational units, and a sectoral veto, which enables functional electorates to veto policy decisions developed in European policy networks. While referenda might certainly constitute an important way to reduce the EU's democratic deficit, it should not be overlooked, however, that they are characterized by many disadvantages. These include their limited applicability (not every decision might be suitable for a referendum), the lack of expertise among the electorate, the dangers of populism and, most importantly, the increasing length of time taken for political decision-making. In view of these problems, forms of direct democracy might supplement rather than replace patterns of parliamentary democracy in the EU.

In addition to the introduction of complementary referenda, one should therefore think of further ways by which the lack of societal conditions in terms of a European *demos*, a European public and a transnational political infrastructure, can be overcome. To what extent is it possible to induce the development of a collective European identity, a European political discourse or the emergence of a European party system as the main condition for a functioning parliamentary democracy? In contrast to the rather static expectations about the development of a European democratic society – inherent to many criticisms of EU parliamentary democracy – we consider that considerable opportunities exist to accelerate and stimulate such developments (see also Zürn 1996). Such effects might emerge, for instance, from the mobilization effect associated with the introduction of European-wide referenda. Another possibility refers to the establishment of a parliamentary-elected European President, a subject to which we will now turn.

A parliamentary-elected President of the EU

In general, the position of the President of the European Commission is comparable to that of a national head of government. However, we must ignore the fact that, unlike the British Prime Minister or the German Chancellor, the President of the European Commission can at best only informally influence the composition of his own government. As *primus inter pares*, he or she is primarily concerned with executive tasks. The present European institutional structure, on the other hand, does not have a political office with purely representative functions comparable to that of the German President. In the light of impending institutional reform, however, such an office, a President of the EU, does seem reasonable. The EU President would have a symbolic, integrational function. He would represent the EU to the outside world and could have an important political role as

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an internal conciliator or intermediary between different member states or between individual member states and European-level institutions.

An office of this sort could not only provide additional political momentum to the integration process in an enlarged Europe; in the long run, it could have a further positive side-effect, if political incentives were correspondingly determined: namely, the establishment of a European party system. For this to occur, first of all, it would be crucial that the European President be elected by the EP. The member states would be unlikely to accept such a procedure for selecting the President of the Commission, someone who has a very influential political position. However, the direct election of a President of the EU, who would primarily have representative rather than executive function, could serve as a lever to set in motion competition between political parties at the European level. It would provide an incentive for the development of European-level parties on the basis of coalitions of national parties with similar platforms (for instance, from the present factions in the EP), as the parties would have to agree upon common top candidates at the European level for the office of President. European elections would henceforth be determined by the election campaigns of European-level parties, rather than by competition between national parties.

The creation of a functioning European party system will not happen overnight, but it is nevertheless of decisive importance for the further development of European integration. The democracy deficit, from which the EU undoubtedly suffers, is reducible ultimately only if political institutions are present to aggregate, articulate and integrate political interests. In the long run, therefore, it is entirely conceivable that the Commission itself will be elected by the European Parliament as well. A European party system is the prerequisite for the democratization of the EU. To promote and support its development, therefore, should be a central aim of any reform of the present institutional structure.

SUMMARY

There is no doubt that the Eastern enlargement of the EU is necessary, and that corresponding reforms of the European institutions must also occur. The German Foreign Minister, Joschka Fischer, presented a proposal that triggered a controversial debate about the future of European institutions. Regardless of the political assessment of Fischer's concept, its political viability must be judged more critically and far less optimistically. This is necessary because of the fact that Fischer's ideas about the future final status of a European federation represent a total break with the developmental paths of European institutions followed up to now. 'Path jumping' of this sort would imply high costs for institutional adaptation. In the light of these considerations, reform of European institutions must be directed more towards the elaboration and further development of existing arrange-

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ments. It is clear that, on this basis, there are sufficient bargaining options available to guarantee an operable, enlarged EU capable of effective political action and decision-making.

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TRANSFORMING ADMINISTRATIVE POLICY

TOM CHRISTENSEN, PER LÆGREID AND LOIS R. WISE

Administrative policies and practices may evolve and change slowly and incrementally or they may be transformed intentionally. Intentional efforts to change administrative policy by transforming the structure, processes, or personnel of public sector organizations define an active administrative policy. Ideally, an active administrative policy takes as given that the organizational form to be used is open to choice, that administrative goals are clear, that a tight coupling exists between ends and means, that different organizational forms have different effects, and that there are criteria that may be used to assess those effects. This article focuses on the fulfilment of these preconditions in the three national contexts – Norway, Sweden and the United States of America – in order to determine the relevance of a transformative perspective for understanding the process of administrative change. We examine what impact constraints like polity features, historical-institutional traditions and external pressure, particularly through popular international administrative doctrines like New Public Management ideas and financial crises, have on the possibilities to enhance an active national administrative policy.

INTRODUCTION

This article studies the features of contemporary active administrative policy in Norway, Sweden and the United States of America. Administrative policy focuses on the infrastructure of the public sector and is an indirect form of policy (Christensen and Lægreid 1998a). By active administrative policy we mean processes involving intentional efforts by central political-administrative actors to alter through policy the structure, processes or personnel of the public sector (Olsen 1988). An active administrative policy is concerned with changes that are the result of intentional efforts, not administrative change in general. Particularly, we look at the bundle of reforms often referred to as New Public Management (NPM) in Europe, Australia and New Zealand and as Reinventing Government in the United States.

This analysis draws on a relatively long scholarly debate about the nature of administrative reform, including how public organizations are reformed; how such changes are appropriately evaluated; how ends and means can be distinguished; the role of leadership in administrative change; and the consequences of different organizational forms for organizational outputs (Simon 1947; Dahl and Lindblom 1953; March and Olsen 1983; Behn 1988; Brunsson and Olsen 1993). But we find that in order to understand active

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administrative policy in different national contexts, we must operate under the assumption that national features and contexts transform administrative reform trends (Christensen and Lægreid 2001a). We pursue a transformative perspective that takes into account contextual factors within and outside government organizations. We find that this approach provides greater insight into why public management reforms appear to succeed in some countries but not in others.

In using a comparative method we mainly take the mixed systems approach proposed by Frendreis (1983), where the cases or national administrative systems are assumed to vary with the independent and dependent variables, as did Christensen and Peters (1999) in their study of Norway and the United States. Norway, Sweden, and the United States appear to differ on the dependent variable, that is the degree of success in pursuing an active administrative policy to achieve public sector reform, and this is intriguing for those who are interested in exploring the limits and possibilities of administrative policy.

Over the last 15 years, public sector reform was in varying degrees on the political agenda in all these countries. In all three, purposive efforts to achieve public sector reform have deeper historical roots. But the degree to which reform was emphasized and the outcome of reform-related efforts varied from case to case. Public reform processes are not just a function of organizational decision-making and national administrative policy. The processes, effects and implications of administrative reform represent a complex interplay between external and internal factors (Olsen 1992; Olsen and Peters 1996). As we discuss in more detail ahead, this *transformative perspective* assumes that administrative and political leaders operate under unique conditions that may facilitate or limit the extent to which they are able to pursue an active administrative policy and, in turn, that the consequences and characteristics of reform efforts will differ from case to case. Thus, rather than using the comparative method to identify universal principles that transcend national cases, as Dahl prescribed (1947), we are employing this approach to increase understanding of how shared administrative reform policies are transformed by case-specific contextual factors.

The remainder of the article is organized in four main parts. In the next section, we discuss the preconditions of active administrative policy. Then we outline a transformative perspective focusing on polity features, and environmental and administrative cultural features, for understanding to what degrees the preconditions for an administrative policy are fulfilled. Third, we discuss variations in the fulfilment of preconditions of active administrative policy in the light of the three sets of conditions in each of the three countries. The conclusion we draw is that active administrative policy, exemplified by public management reform, is best understood from a transformative perspective involving a complex interplay of factors both internal and external to central government organizations

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PRECONDITIONS FOR AN ACTIVE ADMINISTRATIVE POLICY

In the past 15 years there has been a widespread 'institutionalization' of administrative policy through the establishment and expansion of administrative units responsible for administrative policy formulation and implementation. At the same time, a number of related comprehensive administrative policy programs and reforms from governments have emerged (Lægreid and Pedersen 1999). Efforts to achieve increased capacity building in this policy area can be seen on the one hand as contrary to the assumption that administrative change occurs incrementally and administrative elites at best can only 'muddle through' it and on the other hand as running counter to the general trend of 'rolling back' or 'hollowing out' the state (Weller, Bakvis and Rhodes 1997). These efforts can potentially further an active administrative policy.

Administrative reforms over the past 15 years have changed government administration in Western countries. Hierarchy, law and rule-bound behaviour have been supplemented with a variety of other features through the NPM-movement, changing somewhat the nature of both the external and internal organization of public administration (Christensen and Lægreid 1998a). It is difficult to describe the development of the many complex forms of public organizations and to trace the changes back to an active administrative policy but it is important to distinguish between a programme of planned action, such as is formulated in an administrative policy document, and concrete measures including actual changes that have been undertaken. An active administrative policy encompasses elements of both control and rational calculation (Dahl and Lindblom 1953). As an ideal type in a Weberian sense it has four main preconditions (March and Olsen 1983; March 1994). First, an active administrative policy assumes that the organizational form to be used is open to conscious choice, implementation and control by central political-administrative actors. Second, it assumes unambiguous goals and a tight coupling between goals and means, which are fulfilled through various organizational forms; third, it assumes that different organizational forms have different effects; and fourth, that there are criteria that may be used to assess those effects. Box 1 summarizes these points.

All of these assumptions are problematic to fulfil in practice, but they provide an ideal against which actual performance can be measured. The model represents a rational instrumental perspective in organization theory and the limitations of this approach are well known (March 1981, 1988).

BOX 1 *Ideal assumptions of an active administrative policy*

- Organizational form is open to choice, implementation, and control by central actors
- Goals are unambiguous and tightly coupled with means
- Different organizational forms have different effects
- Criteria exist to assess effects

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Specifically, limitations of understanding, capacity and authority should be considered (Olsen 1983). The *first* presumption for an active administrative policy is the control of the administrative change processes by political and administrative leaders, including conscious organizing of the processes and freedom to choose the preferred organizational forms (March and Olsen 1983). Instead of taking for granted that elected representatives have the right to organize and that they may practice leadership through the organization of the administration, it is important to discuss and clarify the conditions whereby elected bodies could use changes in structure, processes and personnel as an active means of political control. Empirical research has shown that deliberate attempts at reform on a micro level may succeed relatively often (Christensen and Lægreid 1998a), but extensive and comprehensive macro reform attempts covering several institutions, sectors and administrative levels typically fail (March and Olsen 1983).

The *second* set of criteria for an active administrative policy is the existence and clarification of goals and a conscious connection between means and ends or instruments (March 1994). The connection between means and ends has intrigued scholars for many years. Dahl (1947) argued that in public administration, ends and means can never be sharply distinguished but the critical task is to be explicit about ends and the values embedded in goals and objectives; normative assumptions must be revealed. Do political and administrative leaders have unambiguous goals connected to new and active administrative policies? Are there alternative or supplementing organizational forms, so that new goals can be pursued?

Public organizations are integrated into a political-administrative system that constitutes a complex milieu of actors, tasks, beliefs, principles, interests, resources and rules (Christensen and Lægreid 2001a). In a multifunctional civil service, reformers may not merely maximize a simple set of goals and considerations: they are obliged to compromise between partly conflicting objectives and values. Obviously, we cannot expect one single objective to apply to all government agencies in all situations. Different actors may want the administration to preserve factors that are not necessarily compatible (Egeberg 1994). A result is that compromises must be sought, leading to vague and ambiguous goals. However, this is not necessarily a sign of weakness. Goal conflicts can be seen as a fundamental characteristic of a democratic system in a pluralistic society (Behn 1999).

The *third* assumption for an active administrative policy is that different organizational forms have different effects. This leads to questions about what we know about whether it makes a difference how administration is organized; what are the effects of changes in organizational forms and are the effects similar to the ones experienced in radical reforms?

Gulick (1937a) was preoccupied by the structural design of public organizations and the connection between goals, forms of specialization and effects on the content of public policy. Organizational forms cannot be assessed solely on the basis of whether one efficient method converts pref-

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erences and opinions into substantive decisions, or structural redesign affects political control and the pattern of influence between central actors. Organizing also influences the formation of preferences, norms and opinions and thus the institutional framework for future activity. Therefore, it is important to emphasize the relationships between organizational forms and the formation of beliefs, including changes in loyalty, legitimacy, and level of and type of conflict (Olsen 1996). Reform efforts must also be assessed for effects during the period of change as well as more long-term effects. Reforms can potentially have high process costs, but achieve short-term goals; or reforms can be seen as short-term failures, but long-term successes (March and Olsen 1983).

Reformers, however, are seldom interested in a thorough evaluation of what reforms have achieved (Brunsson and Olsen 1993; Lægreid and Roness 2001; Pollitt and Bouckaert 2000). NPM-style reforms are typical in this respect, both in regard to fulfilling major goals of efficiency and effects on other goals such as political governance (Hood 1996). This is partly due to the fact that such an evaluation is not an easy task (Peters and Savoie 1998) but the discussion of why researchers focus on measurable outputs of government at the expense of other qualitative indicators can be traced back to early scholars of public administration.

The effects and implications of administrative change are often assumed or promised, but not well documented. Relations between cause and effect are contested; for example, indicators of efficiency and effectiveness are often elusive, side effects are hard to trace and the methodology used in evaluating administrative policy reforms is often inadequate (Peters and Savoie 1998; Kerauden and Van Mierlo 1998; Olsen 1996; Pollitt 1995). The gap between an emphasis on evaluation and performance assessments in the reform model on the one hand, and the lack of real evaluation of the reform models themselves on the other, is especially striking in NPM reforms because their legitimacy is based on results (Lægreid and Roness 1999; Olsen 1997; Pollitt *et al.* 1997). This evaluation paradox is revealed in the absence of any effective, ongoing monitoring and assessment in a programme whose *raison d'être* was to improve accountability and shows the extent to which state sector restructuring can be ideologically driven (Kelsey 1997, p. 145). In this regard, the American Reinventing Government movement can be distinguished from NPM by the many evaluation studies it has spawned by both academic and government-based researchers (see, for example, Kettl 1998).

The *fourth* assumption for an active administrative policy is that criteria exist that may be used to assess policy effects. The criteria used for determining 'good' or 'bad' performance must be defined and the role of normative values clarified. Is the basic good efficiency, as Gulick (1937b) and his followers have asserted, or were Hyneman (1939) and those who share his position correct in declaring that in a democratic society simple efficiency is not the first axiom for assessing the consequences of govern-

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ment reorganization? As Evans and Wamsley (1999, p. 140) note, there has always been a minority of scholars who pointed to governance criteria as the appropriate measures for assessing public management outcomes. And different political parties, interest groups, organizations, professions and administrative leaders may want to preserve values that are not necessarily compatible, for example: representativeness, steering ability, the value of a rule-bound civil service, due process, democratic accountability, public service ethics and codes of professional behaviour.

In contrast with Gulick's (1937b, p. 193) early view that values 'condition and complicate' the primary pursuit of efficiency in administrative science, the new orthodoxy recognizes other values but sees them as more or less unproblematic values that are not threatened or negatively affected by the pursuit of economy and efficiency (Lægreid and Roness 1999; Olsen 1997, p. 206). The current reform programmes have a tendency to make economic reasoning the dominant measuring stick and they represent a return to the ideas of the primacy of economic institutions over politics (Olsen 1997). But purifying one universal model of governance and organization in pluralist societies may generate countervailing forces focusing on the complexity of the governance systems of modern democracies and its mixture of values and standards for evaluating reforms. Democracy is, however, an open-ended project and the values and norms that are included in democracy can change over time, for example, through the use and experience of administrative reforms. Neo-liberal reforms reflecting the NPM ideas will, for example, have a content that builds upon an aggregated and democratic viewpoint, and weakens integrated and more collective values (March and Olsen 1989).

Thus, the optimistic position – that determined political reform actors have full comprehensive insight into and power over reform processes – has to be modified. In the next section we will outline different factors that constrain the fulfilment of the ideal type of active administrative policy.

A TRANSFORMATIVE PERSPECTIVE ON ADMINISTRATIVE POLICY

The leeway or degree of manœuvrability political leaders have in reform processes is influenced by environmental factors, polity features and historical-institutional contexts. These factors place constraints on and create opportunities for purposeful choice, deliberate instrumental actions and intentional efforts taken by political and administrative leaders to launch administrative reforms through administrative design (Christensen and Lægreid 2001b). They can both further and hinder the fulfilment of an active administrative policy.

We will therefore argue that public reform processes, such as those related to NPM, are not characterized by a simple instrumental view of organizational decision-making and change seen as administrative design and active national administrative policy. Rather, they can be understood

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from a *transformative perspective* of administrative policy that takes as its point of departure that the processes, effects and implications of administrative reform can be understood as a complex interplay between external and internal factors (Olsen and Peters 1996; Rhodes 1998; Guyomarch 1999) or what Premfors (1998) labels structured pluralism. To explain why an active administrative policy is more or less difficult to fulfil in different countries, it is necessary to combine the instrumental features of national polities with the historical-institutional context of national cultural and environmental features (Christensen and Lægreid 2001a). These three features, shown also in Box 2, deserve further discussion. The transformative perspective draws heavily on the broad institutional approach by March and Olsen (March and Olsen 1989; Olsen 1992) but it is refined by specifying the different features and by applying it to comparative administrative reform. This allows us to identify and compare the changes in the three cases effectively. By doing this we will show the relative importance of the different components and demonstrate the utility of the model.

An active administrative policy is connected to *instrumental-structural features* of political systems, involving political and administrative leaders with hierarchical control over change processes, capacity to develop reform, and attention and efforts allocated to such a policy area (March and Olsen 1983). The 'ideal' is leaders with high control and 'deep' thinking about administrative development (Dahl and Lindblom 1953). Control can be secured by an active use of hierarchical control instruments, something which could be easier in systems with two parties and parliamentary systems with firm majority governments, than in decentralized federal systems or systems with strong civil service unions (Christensen and Lægreid 2001a) something which might lead to negotiation processes concerning administrative policy.

The rational calculation is preoccupied with organizational thinking around administrative policy. Have the political and administrative leaders built up capacity to develop such a policy (March and Olsen 1983)? Are the goals relatively unambiguous? Are the means to fulfil these goals, the different organizational forms, clearly defined? What about insight into the effects of the forms and broader criteria for evaluating them? It is important to stress the combination of control and rational calculation because neither control without rational calculation nor rational calculation without control is able to drive any active administrative policy.

But these instrumental characteristics of the polity have to be seen in the light of two other sets of constraints. One of these is the *historical-*

BOX 2 *Three key features of the transformative perspective*
- Instrumental-structural features
- Historical-institutional context features
- Environmental characteristics

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institutional context or cultural traditions, norms and values in a country which can have major impact on the instrumental features of an active administrative policy (Christensen and Peters 1999; Peters 1999; Selznick 1957; Thelen and Steinmo 1992). This context contains factors such as whether a country has a statist tradition or not, homogeneity or heterogeneity in norms and values, the importance of equality, traditions of incremental or radical change, corporatist traditions and administrative cultures or subcultures (Christensen and Lægreid 2001a). If the instrumental preconditions of an active administrative policy are put in place, cultural factors can either further or hinder them, meaning that the administrative policy can be seen as more or less compatible with the historical-institutional context (Brunsson and Olsen 1993).

Environmental characteristics are also potentially important for developing an active administrative policy. These would include factors such as economic crises and closeness to international concept entrepreneurs – both factors that seem to be important for NPM-like reform processes (Christensen and Lægreid 2001a; Sahlin-Andersson 2001). The environment of public organizations, whether national or international, may have both 'technical' and 'institutional' aspects of importance (Meyer and Rowan 1977). Global 'prescriptions', like NPM, may be seen as myths that create a deterministic pressure on different countries for changing their administrative policy, or as causing economic problems or concerns about political legitimacy. As such they have the potential to enhance pressure for change (Olsen 1992; Røvik 1996). Environmental characteristics can have decisive importance for changing administrative policy in unpredictable ways; they may create some kind of 'punctuated equilibrium' at a 'critical juncture' in history (Baumgartner and Jones 1993). But they also have less dramatic effects by contributing to changing administrative policy through strengthening or weakening the position of certain actors or cultural norms and values.

Combining the three factors may reveal some variety among countries in conditions for an active administrative policy and show the potential dynamic inside a transformative perspective (Christensen and Lægreid 2001a). We now focus on the three features of national context to understand to what degree the preconditions for an active administrative policy have been met in Norway, Sweden and the United States.

AN EMPIRICAL ILLUSTRATION: THE CASE OF NORWAY, SWEDEN AND THE USA

The following discussion tries to connect the different contexts of the transformative perspective with the administrative policies features found in the three countries. First, we specify similarities and differences in the important contextual factors in Norway, Sweden and the United States which serve as constraints on administrative policy. Second, we describe the degree to which the preconditions for an active administrative policy are fulfilled: conscious design and control of change processes, unambigu-

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ous goals, the existence and insight into the effects and implications of new or changed administrative forms. Third, we discuss the fulfilment of an active administrative policy in a transformative perspective. Elsewhere we have provided a more detailed presentation of the events related to the development of administrative policy in the three cases (see Christensen, Lægreid and Wise 2000).

Constraints on administrative policy

The first national dimension, *political-instrumental conditions*, offers some potential for variation among the three countries. Norway and Sweden, with their multi-party systems and minority governments, are generally characterized by negotiations in public decision-making processes and parliamentary turbulence, which may make it harder to fulfil hierarchical preconditions for controlling an active administrative policy (Christensen and Peters 1999). Their parliamentary systems also have a potential for concerted and legitimate action based on homogeneity and close relations between the executive and legislative powers. The complex system of checks and balances among the branches of government in the United States, which is often described as in a state of stalemate, can also undermine administrative development. But this system has a stronger formal executive political leader and seems to be more open for political entrepreneurship, which points away from political inaction (Campbell and Halligan 1992; Dunn 1997).

One difference between Norway and Sweden is that Norway has a model of ministerial responsibility, meaning that a minister can be held politically responsible by the Parliament for any decision made by the administration he or she controls. The Swedish model is characterized by an organizational split, and agencies are subordinated to the government as a whole and not to a particular minister (Einhorn and Logue 1989; Ruin 1991). Differences between the Norwegian and Swedish form of administration might be seen either as quite considerable (Lægreid and Pedersen 1999; Petersson 1994), or as exaggerated (Jacobsson 1984; Lindblom 1997). One implication of the former view is that the Norwegian reform process might be perceived as more segmented and sector-based, while the Swedish case might be thought of as dualistic with a stronger Cabinet and more independent central agencies.

It is, however, important to underline that the civil service in the Scandinavian countries, relatively speaking, is far more homogenous in structure and personnel than the civil service in the United States where the diversity is substantial on both counts (Christensen and Peters 1999; Wise 1990). Homogeneity in membership and form may make it easier to control administrative development processes in the Nordic countries compared to the United States. The only federal system of the three is found in the United States, probably making it less likely that a consistent administrative

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policy is produced, but more likely that there will be a variety of alternative organizational forms.

The second national dimension that might explain reform processes and effects is the historical-institutional context: norms and values that characterize the political-administrative systems. The historical-institutional context in Norway and Sweden has been characterized by a strong statist tradition, homogeneity in norms, mutual trust between political and administrative leaders, equality, incremental changes, the balancing of many considerations and de-emphasis of economic factors in civil service, and a policy style of peaceful cooperation and revolution in slow motion (Einhorn and Logue 1989; Christensen 1995; Christensen and Lægreid 1999; Olsen, Roness and Sætren 1982; Premfors 1991). These are all factors that would lead one to believe that an active administrative policy would be developed and implemented rather slowly, and modified reluctantly because of a lack of compatibility in norms and values (Brunsson and Olsen 1993).

One characteristic that distinguishes administrative culture in Sweden from Norway and links Sweden with the United States is an historical inclination toward rationalism. This is revealed in a long history of collecting, publishing and preserving government statistics and in modern times the use of different auditing techniques to track government performance (Olson and Sahlin-Andersson 1998). Although the statistical record is not as rich in the United States as in Sweden, the same inclination to gather and assess empirical evidence exists. These factors that would suggest a receptivity to efficiency-based reforms (Brunsson and Olsen 1993, Chapter 8).

American society and culture are well recognized as more heterogeneous than their Nordic counterparts, although Sweden has become much more culturally diverse than it was in the recent past and has retreated somewhat over the last decade from strong collective and egalitarian norms. The political system in the United States is designed to support many drivers of influence. In addition to organized interest groups and special publics, the Congress, executive, and judicial branches influence policy development in federal agencies. American society is also more individualistic than collectivist in orientation, and less conflict avoiding and more confrontational in political style These factors may lead one to anticipate a more fragmented administrative policy, but also a more active and efficiency-oriented one (Christensen and Peters 1999). Policy formulation in the United States is often described as inclined to be symbolic in nature in that the needs and preferences of different interests compete with each other and are not easily compromised.

In contrast, the Norwegian and Swedish reform style has traditionally been one of cooperation and mutual understanding, described as the archetype of a corporate-pluralistic state (Olsen 1983), with close connections between the Labor Parties and the trade unions (Einhorn and Logue 1989). This picture remains generally valid for Norway but Sweden has experi-

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enced a weakening in corporatist arrangements over the last decade (Michelletti 1991; Rothstein and Bergström 1999) and union rivalry during the 1980s marked the beginning of the unraveling of the solidaristic policies and the emergence of a new pattern of labour relations in both government and industry (Wise 1993). But corporatist features are still evident in Sweden.

The third set of constraints involves *environmental factors*. Criticism of government inefficiency is an example of an external environmental condition that can weaken the perceived legitimacy of both political actors and institutions (Boston *et al.* 1996). This criticism could be coupled with reform movements in Anglo-American countries that paved the way for real market-oriented reforms in administrative policy (Hood 1996). Reform entrepreneurs such as the OECD (Organization for Economic Co-operation and Development) supported these efficiency-based reforms (Sahlin-Andersson 1996). The United States, being active in the OECD, might be expected to be more open to such criticism than the Scandinavian countries. But demands for government reform in the United States are more likely to be viewed by Americans as having domestic roots. In comparison with Europeans, Americans are rather parochial and not especially concerned about their image in international organizations. Similarly, government reform initiatives in the United States are easily placed in a long series of domestic government commissions charged with the task of reviewing and improving government operations or into a cycle of resurfacing reforms (Downs and Larkey 1986; Light 1997).

Demands for bureaucratic reform in the United States have long been smouldering, but efforts to fan the fire into a blaze have generally fallen short of their goal. Sweden may in fact be more reform-prone than either the United States or Norway. Sweden combines a traditional efficiency orientation in government practice, evidenced by its early use of performance accounting in national agencies, with an international awareness that may make it more receptive to ideas and practices stemming from international organizations – including international reform entrepreneurs like the OECD – a tendency seen clearly in the last decades (Sahlin-Andersson and Lerdell 1997). Like the United States, Sweden has a comprehensive system for auditing public agency performance including efficiency audits, programme effectiveness and performance management capacity (Barzelay 1996, p. 27), making it receptive to efficiency-based reforms.

Another important environmental factor is the economic situation in a country. As Hood (1996) notes, NPM reforms are often associated with fiscal stress. Poor macro-economic performance such as low growth in Gross Domestic Product, high unemployment, high inflation or public debt are assumed to be associated with receptivity to administrative reform. A confounding issue is that expectations regarding economic performance differ by country as does tolerance for different economic conditions. The national perception of the acceptability of a particular economic condition partly determines the extent to which it contributes to pressures for reform. Thus

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as Hood (1996) has noted, the relationship between these factors and the degree of emphasis on administrative reform policies is often puzzling.

Although Sweden had enjoyed moderately strong economic performance from the mid-1970s to late 1980s but experienced a severe fiscal crisis in the early 1990s, which could make it more open to modernizing the state and cost efficiency efforts (Assar *et al.* 1993). At the beginning of the 1990s all wage negotiations were prohibited (Wise 1993) and public opinion shifted so that a majority of people favored reductions in the size of the public sector (Nilsson 1990; Wise and Szucs 1996). In the wake of the combination of an expanding public sector that consumed almost two-thirds of Gross Domestic Product and declining economic growth, the public sector was seen as a problem that had to be fixed. During the 1990s, Sweden pursued a policy of reducing public influence in different sectors of the economy including banking, telecommunications and electricity. Significant reductions in financial benefits for social services were put into place as the welfare state was trimmed back.

In contrast, although Norway experienced an economic slow down in the late 1980s with some rise in unemployment, there was no major economic crisis in Norway that could legitimate comprehensive public reforms (Christensen and Lægreid 2001b). In the mid-1990s Norway discussed policies to reduce government expenditures somewhat and trim the welfare state. During the latter part of the 1990s, the country enjoyed low inflation and low unemployment as part of a period of strong economic growth. Norway was a leader in deregulating the electricity market but, interestingly, telecommunications remains a public enterprise (now selling some shares to private actors) and the state retains substantial ownership of the largest bank. Relative to Sweden and the United States, the share of government employment can be described as moderate (Hood 1996).

In comparison with other countries in general, and Norway and Sweden in particular, the central government in the United States is small and there are few public enterprises. But despite the relatively small size of central government and its limited potential for impacting the national economy, concern about 'big government' is a consistent theme in American political history. The United States has enjoyed a period of economic growth over the last 15 years and comparatively low levels of unemployment.

As the preceding discussion indicates, the extent to which different factors act as constraints on administrative policy is not straightforward but rather as a series of multiple tradeoffs from one context to another. Table 1 provides a summary by country of the relative strength of contextual factors serving as constraints on administrative policy. From this summary, it appears that of the three cases Sweden is most likely and Norway least likely to achieve NPM reform.

Sweden scores weak to moderate on structural constraints, being a multiparty system with minority governments and an administrative regime with independent agencies, but also with relative homogeneity and high

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TABLE 1 *Summary of strength of contextual factors serving as* constraints *on actual reforms in three national cases*

	Sweden	USA	Norway
Structure: Political-instrumental	Weak/moderate	Moderate/strong	Moderate
Culture Historical-institutional	Weak/moderate	Moderate	Strong
Environment:	Weak/moderate	Moderate/strong	Strong

A label of 'strong' recorded in the cell indicates that the constraint is strong in the national case. 'Strong' score lowers expectation for actual reform and 'weak' score rises expectations. 'Moderate' score indicates mixed expectations to reform.

action capacity; weak to moderate on cultural constraints, having a statist tradition, homogeneity in norms, high mutual trust, strong on equality values but also on rationalism, an incremental and cooperative policy style and declining corporative arrangements; and weak to moderate on environmental constraints with a significant fiscal crisis during the early 1990s, growing dissatisfaction with public sector services and receptivity to efficiency-based reforms.

Norway scores moderate on structural constraints, having many of the same characteristics as Sweden except for the system of ministerial responsibility, but less political-administrative will to change; strong on cultural constraints being different from Sweden on rationalist values and changes in corporative arrangements; and strong on environmental constraints having no fiscal crisis, relatively low dissatisfaction with public sector services and a stronger culture collusion between the domestic political administrative culture and the NPM ideas.

The United States scores moderate to strong on structural constraints, having a federal system, high diversity in civil service and a weakly developed system of checks-and-balances, but potent actors and institutions; moderation on cultural constraints and with a strong affinity to rationalism, competition and individualism but heterogeneity in norms, well-developed subcultures and a confrontational policy style; and moderate to strong on environmental constraints having no fiscal crisis outweighing the critique of governmental inefficiency.

Fulfilment of the preconditions for an active administrative policy

The question of power: turning first to the Norwegian case, the main impression is that a sector-based central government in Norway has led to sector-oriented reforms (Lægreid and Roness 2001; Olsen 1996). We are faced with a structured pluralism more than uniformity and universality. Administrative policy has largely been a by-product of processes and actions in many institutional arenas rather than the result of a homogenous and united strategy (Christensen and Lægreid 1998a). The reform pro-

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grammes have emerged as a collection of partly independent ideas, and many specific reforms have been carried out on the basis of ministerial and sector-based initiatives. The style of the reforms has been oriented towards compromise and incremental results. The latter feature is associated with the fact that reform activities have been characterized by an apolitical rhetoric. The reform experiments also illustrate the political limits that apply to the Cabinet and the Parliament. There has not been a strong, consistent and persistent political will in Norway for comprehensive administrative reforms. The professionalization of the reform enterprise has not been strong. Both Parliament and Cabinet appear to have attached little weight to the reform process, which has been largely left to the civil service (Christensen 1994; Lægreid and Roness 2001), the main reason why specific reforms up to the mid-1990s have proceeded so cautiously. For a more detailed empirical discussion of to what extent the conditions for an active administrative policy have been fulfilled in Norway, Sweden and the USA from the mid-1980s to date, see Christensen, Lægreid and Wise (2000).

In the United States, Congress plays an important role in enabling or preventing changes in the civil service and some view government reform through the legislative lens (Light 1997). Others report the perception that Congress and president are equally significant sources of external influence on agency policy (Furlong 1998). There is an acknowledged lack of coordination between the executive and legislative branches or between those branches and the agencies in the United States. Agency officials are significant actors in the change process as are the courts, interest groups and the special publics that agencies serve. Federal employee unions have played a relatively minor role in reform discussions (Wise and Stengård 1999). The reform programmes in the United States are largely revealed as a collection of *ad hoc* ideas driven by a mixture of executive leadership, legislatively enabled experiments, and agency-initiated changes and this has produced uneven results. Despite much discussion of reform over the last 15 years, legislation to enable significant change was not in place until the mid-1990s (Wise and Stengård 1999).

The reform experiments in the United States also illustrate the political limits within the system. There has not been a strong, consistent and persistent political will in the United States to execute comprehensive administrative reforms (Peters and Savoie 1998). Although the Congress and Executive branches have attached importance to the reform process, execution has been largely left to the departments and agencies. Policy entrepreneurship for administrative reforms, however, has been found among both political and administrative leaders. As in Norway, the picture revealed is one of a multi-functional state with more than one centre of political power. The executive branch cannot carry out its functions hierarchically, but must formulate policy in association with other actors with their own power structures and capacities.

The picture for Sweden is of a dualistic public management reform

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including a strong government and strong central agencies involving not only all levels of government but also multiple reform dimensions (Lægreid and Pedersen 1999). The Swedish case is also one where reform was a political priority of the incumbent administration and those ministers holding the public administration portfolio. Rhodes (1998) describes the Swedish case as one where NPM-style reforms were implemented to preserve the state and this interpretation appears valid. The reform policy was based on a shared vision among political leaders and a willingness to negotiate and compromise to obtain desired results. Compared with Norway and the United States, the Swedish government has stronger control over the change processes and a more conscious design. Although the earlier reforms in Sweden were divided in focus between efficiency and increased responsiveness and citizens' participation, in more recent years the Swedish efforts have been more narrowly concentrated on productivity. Even if Sweden is moving towards greater devolution, a stronger productivity focus and a greater concentration on citizens as consumers, traditional democratic values still continue to influence public sector reforms to a greater degree than in many Anglo-American countries (Christensen and Lægreid 2001a; Ferlie *et al.* 1996).

The question of clear goals and means-end-relations: in Norway, the reform programmes were more a loose collection of ongoing reform measures and new reform ideas than a consistent, coordinated and unified strategic plan for changing the administrative apparatus (Lægreid and Roness 2001). They lacked an explicit discussion of the extent to which the various objectives were consistent (Olsen 1996). The visions and interpretations of the problems hardly corresponded to the instrumental requirement that intentions should be clear, consistent and stable. They have been ambiguous and partly inconsistent, and emphasis shifts between various aspects over time. This results in a looser association among objectives and in varied interpretations of what is desired and of the extent to which visions have been realized and problem definitions met.

In the United States, reforms were promulgated on the basis of offering better management, transforming organizational structures, improving customer service and financial management, establishing results-oriented budgeting, greater efficiency, less bureaucratic processes, higher productivity, improved quality and political accountability and greater opportunities for citizen participation. But as in Norway, the reform programmes in the United States lacked an explicit discussion of the extent to which the various objectives were consistent, particularly in the trade-off between efficiency and quality of service or the attainment of other democratic goals including accountability and responsiveness. The connections between the reform measures and the changes actually implemented are best described as loose in the United States. Changes are organization-bound and *ad hoc*. Ambiguous and lofty rhetoric followed by weak and vague recommen-

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dations permitted multiple interpretations of intent and compliance (Ban 1998; Kettle 1998).

The most evident thread across programmes and time in Sweden is the goal of increasing public sector productivity and efficiency, although flexibility was also a reform theme (Larsson 1988). We also see evidence of efforts to increase the service orientation of government and to increase public participation in government, but these reforms take a backseat to efficiency and market-based ideas, especially during the 1990s. Efficiency goals were mainly focused on decreasing the size of the government at the central level and increasing public sector productivity. The reform programme was less ambiguous in Sweden than in Norway and the United States and the coupling between goals and means was tighter.

The effect question: it seems that the effects of administrative reforms are ambiguous in all three countries. In Norway the effects of the modern administrative reforms are vague, due to ambiguity in the structural implications of these values and the unrealistic expectations of the reformers (Christensen and Lægreid 2001b). It is easier to document internal effects than external effects on capacity for political governance or outcome effects (Lægreid and Roness 1998; Olsen 1996). Olsen (1991) observes that public management reforms have consequences for equality in general. The main hypothesis that more emphasis on market and management leads to greater efficiency is still contested in Norway.

Given the *ad hoc* approach the United States has taken to public management reform, relying mainly on experiments in designated agencies or installations, there are few broad structural changes that can be pointed to as evidence of reform efforts. There is little systematic knowledge about the effects of the reforms (Peters 1996). There is substantial effort to measure and document different efficiency gains at the agency level but much less effort has been invested in measuring the level or change in the delivery of democratic outcomes or the condition of the public good. Typically, programme-related factors account for a very small share of individual variation and at best modest impacts of reform are apparent (Behn 1999; Downs and Larkey 1986).

Although there is much discussion of a paradigm shift as a result of contemporary reform in Sweden, there is not a large body of work evaluating the effects of public management reforms in general (Forssell 2001), and studies assessing the effects of structural changes and organizational redesign in central government are in particularly short supply. Research is lacking on how the ministries or agencies have adapted to new tasks and responsibilities, structural devolution and delegation of authority. Formal studies of public sector productivity provide mixed evidence of the effects of reforms. On the one hand, certain changes in organizational form are associated with increased productivity, but on the other a decline in sectoral productivity overall has been evident (Swedish Ministry of Finance 1997, p. 75).

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The normative question: the combination of unclear goals and ambiguous effects makes it difficult to define the normative criteria for determining 'good' or 'poor' performance or 'positive' or 'negative' effects. In pluralistic societies, such as the three countries studied in this article, considerations must be given to the differences of opinions concerning the criteria to be used in assessing the public sector reforms. In a multi-functional civil service different actors and groups tend to have different standards and normative bases for the public sector. The problem of conflicting standards is normally handled by formulating compromises that, typically, consist of 'elastic' words that can be given different interpretations from different groups and actors. The implication is that the presumption of a common, clear and stable standard for assessing the reforms is difficult to fulfil.

There is a general trend in all three countries toward paying less attention to the normative assumption of an active administrative policy than to the other presumptions. One common characteristic is the tension in the three countries between, on the one side, the tendency to give one institutional sphere a priority by making economic values the new *prima philosophia* and, on the other side, the claim that modern civil service systems represent an ecological complexity and a 'mixed order' of shifting balances between different values and standards. Table 2 summarizes the preconditions of administrative reform for the three national cases.

In Norway, a main strategy has been to put the reforms in a broader political-democratic context focus and to analyse the effects of administrative reforms on the political-administrative decision-making system (Christensen and Lægreid 2001b). Economy and efficiency have been launched as supplementary standards to democratic values and *Rechtsstaat* values. The slogan has been that 'We must not only think of rule-bound behaviour and procedures but also of management by objectives and results'. Reforms have been assessed by focusing on norms connected to political-democratic questions but also by emphasizing other standards. One of which is whether the reforms are efficient or not (Sørensen *et al.* 1999).

Public administration in the United States has been more one-sided and

TABLE 2 *Summary of preconditions for administrative reform in three national cases*

	Sweden	USA	Norway
Power	Moderate/strong	Weak/moderate	Weak/moderate
Goals:	Less ambiguous· more tightly coupled	Ambiguous; loose coupling	Ambiguous, loose coupling
Effects.	Conflicting	Ambiguous; conflicting	Ambiguous; conflicting
Criteria·	Efficiency; effectiveness, legitimacy	Mainly efficiency	Complexity of criteria

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has largely avoided the normative complexity of the governance systems (Lynch *et al.* 1997). The United States has a strong empirical tradition in the social sciences in general and this is also the case when it comes to evaluating administrative reforms. Reforms are more likely to be evaluated with efficiency-based evidence than with other criteria.

In Sweden there is a clear difference regarding the appropriate criteria for evaluating the effects of public sector reforms. On the one side there is a focus on indicators pertaining to increased productivity and inculcation of market-based principles in public sector management, including efficiency, greater managerial discretion and flexible pay. On the other hand, the argument is that these reforms were supposed to enhance government legitimacy and thus that indicators of public support for government institutions and programmes should be key criteria in determining the success or failure of these efforts.

An active administrative policy in a transformative perspective

Compared with many other countries, large and comprehensive administrative policy changes are uncommon in Norway. This is due partly to the fact that the majority of the population in Norway accepts the system of administrative control, including its large public sector, bureaucratic organization, well-organized professional expertise and corporative network with strong union participation (Christensen 1995). The administrative system in Norway is open to negotiation and change, but at the same time there is a set of core values that restricts the latitude for change. The reform efforts can partly be understood as a result of an administrative culture and tradition with strong equality norms and with a pragmatic reform nature. In Norway, the period after 1970 has not been characterized by economic crisis and this has truly contributed to reforms having been less than comprehensive.

Administrative reform in Norway has been characterized less by a complete overhaul, than by, first and foremost, periodic maintenance. Continuity has been the main feature rather than disruption and revolution, at least as witnessed in the implementation of specific reforms (Olsen, Roness and Sætren 1982; Olsen 1996). In terms of opinions, on the other hand, changes have been obvious. There has been a marked change in vision and some formal arrangements or changes in organizational forms, but the concrete tasks of implementation have been reluctant to change and characterized by experiment, trial measures and delegation to individual agencies. Nevertheless, over time, links between the overarching and the sector-based reform requirements as well as the pace of the reform process have been strengthened (Lægreid and Roness 2001). The same applies to the links between demands and the actual changes made. The Norwegian strategy for administrative policy reform can be characterized as an incremental internal modernization (Christensen and Lægreid 1998a). We are faced with a multi-centred institutional arrangement, trying to combine devolution with central control.

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To regard administrative forms as purely the products of the desires of central political actors with a comprehensive insight and domination over the reform processes, and where one can freely select the reform process, gives an incomplete, restricted and partly erroneous picture of reform processes in Norway. But to proceed to the other extreme and to adopt a purely fatalistic perspective without the opportunity to influence reforms also results in a limited insight and understanding of administrative reforms. We adopt an intermediate position, which accepts that the political leadership has limited influence on the reform processes, but without that influence the leaders are reduced to political eunuchs (Lægreid and Roness 1999).

In the United States, we see a long smouldering interest in public sector reform but no key event to ignite either action or commitment to change. At the same time, the political system is characterized by multiple checks and balances; these weaken authority in any given quarter and hamper the successful implementation of reforms based on legislative or executive initiatives. Different reform initiatives from the Congress and the Executive Branch spawn multiple 'small fires' throughout the federal sector but these are mainly single events and there is no evidence of a strategic plan to achieve specific ends. Clear conflicts in goals for reform are evident. The variety of organizational forms may mean that no single reform can be broadly implemented within federal government. Evidence regarding the effects of reforms is mixed. Whether or not these reforms will be cost effective or will enhance productivity remains to be seen. The most pervasive transformations in government are a greater orientation toward serving citizens as clients, a reduction in bureaucratic red tape and mind-set, and decentralization of authority.

Despite an activist reform style by some leaders, such as the previous Vice-President Al Gore, active administrative policy appears to have the least relevance to the American case. It is clear that administrative reforms cannot be seen purely as the product of central leaders' initiatives. Administrative leadership, interest groups, and the complex network of intergovernmental partners influence both reform and the *status quo*. Similarly, we find vague and conflicting goals among major reform initiatives, failure to couple new capacities and means to achieve specific goals, no clear evidence of the consequences or effects of different organizational forms, and finally, competing criteria for assessing effects.

For the United States, reform efforts were focused on making the public sector function better, which is to say more efficiently and with greater client and market orientation, and on further blurring of the boundaries between the sectors. Contracting out for services, production and other functions increased in the 1980s (Milward 1994). Nevertheless, greater blurring of the boundaries between sectors was seen during the 1980s and 1990s.

On the one hand, reforms are proposed at the executive and legislative

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levels without strategic coordination of the needs and capacities of given agencies and, on the other, administrative leaders take initiative for instituting or blocking change. An *ad hoc* and disjointed reform process is the result of a system in which power resides at multiple levels. Unsuccessful reform implementation can at least be partly accounted for by a failure to recognize the mismatch between the internal and external context of public organizations and the incompatibility of certain private sector practices with the mission and purpose of public organizations. Assessments of the outcomes of reform efforts are mixed. Successful results are more likely to be found at the micro level, but there is evidence of broader trends toward greater discretion and flexibility in public administration.

For Sweden, more than in Norway and the United States, a multi-sectoral reform seems for the most part to have succeeded in the presence of a broadly recognized economic crisis and, in turn, more public support for reforming the state sector and more political and administrative commitment to reform. Strong central political and administrative control over reforms has been combined with more grassroots support for change among the citizenry and has facilitated the transition from central to local responsibility for key public services. A dualistic administrative system providing for political responsibility at local levels has also contributed to successful reform. A tendency toward rationalism is evident in Swedish culture and receptivity for efficiency-based reforms and analysis of statistical information facilitated the introduction of reforms involving audits of government performance. A cultural shift towards more market-oriented principles and away from narrow interpretations of equality principles is an important cultural feature, permitting the introduction of efficiency-based reforms (Wise 1993; Forssell 2001). Managers' and employees' assessments of the impacts of reform provide some evidence of fundamental changes having been put into place and accepted as fair (Wise and Sjöström 1997).

The Swedish case demonstrates the relevance of active administrative policy through a centrally initiated and driven reform that drew strength not only from political actors but also from administrative leadership as well as public consensus. The aim of the process seems to have been to anchor support for the reform as broadly as possible and implement changes as rapidly as possible. The strong emphasis on decentralization of responsibility from ministries to agencies and from central to local authorities is one factor that accounts for greater support and, in turn, effects of the reforms both within central government and between central government and local governments. Contextual factors, such as experience of economic crisis and close connections to OECD, help us account for Sweden being receptive to reform and identify which factors may account for a realization of the need for change. Contextual factors also give some insight into the limitations of market-based reform in Swedish central government, because traditional cultural values have modified some of the reforms, and there has also been resistance to the reforms from some civil service unions

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and some bureaucrats. Overall, we see a conscious effort to link new responsibilities with new authorities for management. Finally, although we see some evidence of competing criteria for assessing reform efforts, the most commonly used measures are efficiency-based.

Summing up, the preconditions for an active administrative policy are only partially fulfilled in the three countries studied. The transformative perspective provides some insight into central governments' efforts to transform their systems of public administration. The environmental, cultural and structural factors contribute to our understanding of why the soil is more receptive to reform in one country than another. Not all our expected relationships were observed but many of the anticipated potential effects appear to be real effects according to the evidence presented. Although Sweden and Norway, as examples, appear similar in many ways, we point to key differences in the environmental and cultural dimensions that partly explain why Sweden was more receptive to NPM-style reforms than Norway. By the same token, while the United States may appear culturally sympathetic to NPM-style reforms with its general mistrust of bureaucracy and receptivity to rationalism, we note an absence of any contextual imperative to drive reform and a presence of substantial diversity that introduces both competing interests and complexity into the United States' case that are not present in Norway or Sweden.

Of the three cases, Sweden appears to be the one that took the biggest steps in implementing NPM-style reforms. We argue that reform of the public bureaucracy was possible in Sweden because of the dual environmental conditions of a severe economic crisis that motivated political and administrative leaders in a change-prone system to cooperate and undertake reforms and a growing dissatisfaction with the bureaucracy on the part of the public that also made central government vulnerable to change. In Sweden, the preconditions for an active administrative policy were fulfilled to a higher extent due to a stronger Cabinet, a rationalistic administrative culture and financial crisis. The result is more radical and more comprehensive administrative reforms.

In the United States, we observed calls for reform and evidence of dissatisfaction with government responsiveness but no crisis event to ignite and sustain real change. Compared to Sweden, the preconditions for an active administrative policy are fulfilled to a relatively small extent due to a fragmented polity, a heterogenous administrative culture and no fiscal crisis. The result is symbolic reforms with problems of implementation.

In Norway, we see neither high dissatisfaction nor severe economic crisis and thus little pressure for transforming the public bureaucracy. In addition, in Norway, the preconditions for an active administrative policy are fulfilled to a lesser extent, due to weak minority governments, cultural collusion and no fiscal crisis.

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CONCLUSION

The preconditions for an active administrative policy, including an unambiguous power basis, clear goals and means–end thinking, insight into consequences of alternative organizational forms and unambiguous normative-evaluative criteria, emphasize a rather heroic ideal of administrative reform. In reality, administrative policy is often more locally rational, piecemeal, incremental and symbolically oriented. The advantages of such features are that administrative reform may encompass broader participation, consensus-like processes concerning goals and means, and have a broader basis of legitimacy, even though central control is somewhat undermined and organizational solutions are more ambiguous (Christensen and Lægreid 2001a).

One interpretation of the present comparison among three countries is that there is room for an active administrative reform policy through planned design, although this space is limited. Reforms that correspond to particular institutional features are more easily put into practice than those that are opposed to traditional administrative culture and therefore not easily made compatible (Brunsson and Olsen 1993). This implies that proposals supporting local initiative and autonomy (as seen in Sweden) appear to have a greater effect on agencies than those that are intended to strengthen control by the superior authorities.

At the same time, there is an adjustment to what is internationally regarded as 'good' administrative doctrines (Boston *et al.* 1996). Several devolution measures provide examples of the concurrence between that which may be regarded as good administrative policy both internally in state agencies and in the international administrative policy environment, and such measures have favourable conditions (Sahlin-Andersson and Lerdell 1997).

Moreover, ambiguous intentions behind the reforms provide occasion for different interpretations, both in terms of what the actual intentions are, what has actually occurred, and why it occurred. This opens up the case for strategies combining conceptualization efforts, defining the reforms in accordance with local cultural contexts, and decontextualization strategies, stressing that reforms could fit everywhere (Røvik 1996). In addition, reforms have been organized through a combination of high-level general policy initiatives, as well as local initiatives with restricted authority, competence and available time.

We have demonstrated that different combinations of environmental constraints, cultural traditions and political-administrative structures characterize the three countries. This results in variety in reform processes and, in turn, to the fulfilment of the central preconditions for active reform policy and the discretion for purposeful choice by political leaders.

Both as a function of the pattern of reform implementation and the inclinations of workers in the field, a common conclusion for all three cases is

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that there is little systematic knowledge about the effects of these reforms. Organization-bound experiments and *ad hoc* reforms on the one hand and a shortage of evaluative research on the other limit our understanding of the consequences of public management reforms. We cannot assume that changes that are beneficial to one single agency would, in fact, have positive results for the bureaucracy at large.

Efforts to explore the normative consequences for reform are focused on how special groups are impacted by change and less often examine the consequences for achieving a good society. Research is also lacking on the effects of public management reforms on the achievement of good government as well as for greater efficiency and political responsiveness. Thus, the body of existing research is not sufficient and more work needs to be done.

The conclusion we can draw is that the context within which reform occurs is not insignificant – structural, cultural and environmental factors play key roles. This finding is consistent with Rhodes' (1998) study of the United Kingdom and Guyomarch's (1999) examination of the French case. Moreover, despite similarities from one country to another, public management reform is not captured by one global trend or idea but is made up of many different ideas unique to, or modified by, different national systems. Public management reform is thus best understood from a transformative perspective involving a complex interplay of factors both internal and external to central government organizations where the nature of political control, the quality of the connection between the goals and means of reform, and the effects of different organizational forms on public management practices and outcomes, give insight into the consequences of reform efforts.

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PUBLIC MANAGEMENT

EXECUTIVE SUCCESSION AND THE PERFORMANCE OF PUBLIC ORGANIZATIONS

GEORGE BOYNE AND JAY DAHYA

A theoretical framework is developed for the analysis of the impact of executive succession in public organizations. The central concepts in the model are the motives of chief executives, the means at their disposal and the opportunities available for influencing performance. The main hypothesis that flows from the model is that the effect of executive succession is likely to be small but significant. Furthermore, the strength of the impact of succession is contingent on a variety of external and internal circumstances. Seventeen testable hypotheses concerning these contingency effects are presented as a research agenda for studies of top management change in the public sector. The theoretical arguments are illustrated with reference to UK local government

The aim of this paper is to outline a theory of the impact of new chief executives on organizational performance in the public sector. We consider whether executive succession is likely to influence performance, the potential extent of this influence and the variables that may modify the impact of executive succession. Our intention is to highlight the general characteristics of a theory of executive succession, rather than to provide a detailed map that contains every last nuance of the effects of a 'changing of the guard'. As Dubin (1978, p. 5) argues, the construction of a theory is an attempt to 'find order in the booming bustling confusion that is the realm of experience'.

This is new academic territory in several important respects. First, there is very little previous theoretical or empirical research on the link between executive succession and the performance of public organizations. There

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have been many studies of the impact of new *political* leaders on policy outputs (Boyne 1996a), but few analyses of the impact of new administrative leaders, other than a handful of case studies and reflections by managers on their own experiences (Doig and Hargrove 1987; Isaac-Henry 1999; Loverd 1997; Theakston 1997 1999). Secondly, theories of bureaucratic leadership in public organizations tend to be normative rather than empirical For example, Terry (1995) argues that the main task of public managers should be to conserve the institutions of democratic governance. Thirdly, the determinants of organizational performance in the public sector are largely unexplored, except for studies of the impact of variables such as competition and scale on service standards (see Boyne 1996b, 1998). Thus we are not simply adding a new variable to a well-established body of knowledge on the reasons for variations in performance. Rather, we are forced to construct a general framework for the analysis of the impact of executive succession. This consists of a single but multidimensional dependent variable – organizational performance – and three main explanatory variables – chief executives' motives, means and opportunities. The latter trio of concepts has previously been applied to the analysis of changes in political leadership (Boyne 1996a). A similar conceptual framework has also been used in models of executive succession in private firms (Hambrick and Finkelstein 1989).

In the first part of the paper we discuss the meaning of the term organizational performance. In the second part we examine alternative views of the motives of senior managers in the public sector. In the absence of relevant motives, there is little reason to expect that performance will be influenced by the arrival of a new chief executive. In the third section we examine the means by which a new top manager may change organizational priorities and performance. What are the formal and informal powers at the disposal of a chief executive, and what strategic levers can be pulled? Motive and means are necessary but not sufficient conditions for influencing organizational performance. In the fourth section we consider the opportunities available to chief executives. In particular, what are the external and internal constraints that limit their scope for action? We concede at the outset that the ideas and propositions in these sections are to some extent speculative. This is an inescapable consequence of the absence of prior theory or evidence on the impact of executive succession in the public sector.

In the final part of the paper we draw together the main concepts into a comprehensive model of the relationship between executive succession and organizational performance. We then state the hypotheses that flow from the model. Although it is true to say that there has been little analysis of executive succession in the public sector, there is a substantial literature on this topic in the private sector (for a review of theories and results see Finkelstein and Hambrick 1996; Gordon and Rosen 1981; Kesner and Sebora

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1994). We therefore draw upon concepts and evidence from this research at relevant points in the discussion.

Our theoretical arguments on top management change are illustrated with reference to local government for two reasons. First, this is likely to be a very fertile research site for future empirical tests of the theoretical propositions. There are over 400 local authorities in England and Wales, and substantial inter-authority differences in our two key variables of succession and performance. Data published by the Audit Commission suggest that some authorities perform far better than others (Boyne 1997). To what extent are such variations in performance attributable to leadership change? There are also wide differences in top management turnover. Moreover, the frequency of chief executive succession in local government has generally increased in recent years (see Appendix). This may reflect changing expectations of the skills of chief executives. Leach *et al.* (1994, p. 120) argue that 'there is an emerging concept of a demand for organizational leadership, as local authorities experience the difficulties of organizational transformation'. The quest for more effective leadership gives a sharp practical edge to our theoretical question: do new managers make a difference?

A second reason for our focus on local government in the UK is the existence of prior research on the background and behaviour of chief executives. Several studies have examined the development of their roles (see, for example, Norton 1989; Sabin 1989), their relationship with members (e.g. Leach *et al.* 1997), the participation of chief executives in inter-organizational networks (Travers *et al.* 1997), and their managerial powers and responsibilities (e.g. Audit Commission 1989; Boynton 1986; Morphet 1993; Wilson 1974). These studies have not examined whether new chief executives are associated with changes in performance, but do provide contextual information that is useful for the construction of a theoretical model.

ORGANIZATIONAL PERFORMANCE

Despite the proliferation of performance indicators in the public sector over the last decade, there has been little theoretical reflection on the concept of organizational performance. Much of the literature on performance indicators consists of criticisms of their purpose and content (see, for example, Cutler and Waine 1997). The underlying interpretations of performance are implicit or underdeveloped (a rare exception is Carter *et al.* 1992).

An earlier body of research, however, provides a useful starting point for a discussion of the meaning of organizational performance. This is the literature on organizational 'effectiveness' that emerged during the 1960s and 1970s, largely published in sociology and management journals in the USA. The initial empirical work in this area was based on narrow definitions of performance and used only a handful of measures of the concept (Steers 1975). However, it was soon recognized that organizational performance is multidimensional, and that many measures are required in order to reflect this complexity. In particular, performance is likely to be viewed

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differently by different stakeholders (Kimberley *et al.* 1983; Cameron 1986). It is, in short, politically constructed. This implies that no technically correct interpretation of the concept exists: good (or bad) performance is in the eye of the beholder. Thus high-performing organizations can be described as those that satisfy the demands of their key stakeholders (Connolly *et al.* 1980), an insight that has been rediscovered by writers on public administration in recent years (see, for example, Ott and Shafritz 1994; Stewart and Walsh 1994).

This political perspective on the performance of organizations is encapsulated in the 'competing values' model developed by Quinn and Rohrbaugh (1981, 1983). They argue that the main features of performance can be arrayed on two axes. First, the locus of power to define organizational performance: does this rest predominantly inside or outside the organization? Secondly, the attitudes of key stakeholders towards control and flexibility: is there a need to prescribe processes and performance targets, or should managers be given autonomy and 'left to get on with it'?

These two axes are combined in figure 1, which contains four 'ideal type' models of performance assessment. Rohrbaugh (1983) argues that these models represent distinctive research traditions in the social sciences. Equally, they represent different approaches to the external and internal management of public agencies. The 'human relations' model combines an internal locus of power with an emphasis on organizational flexibility. The

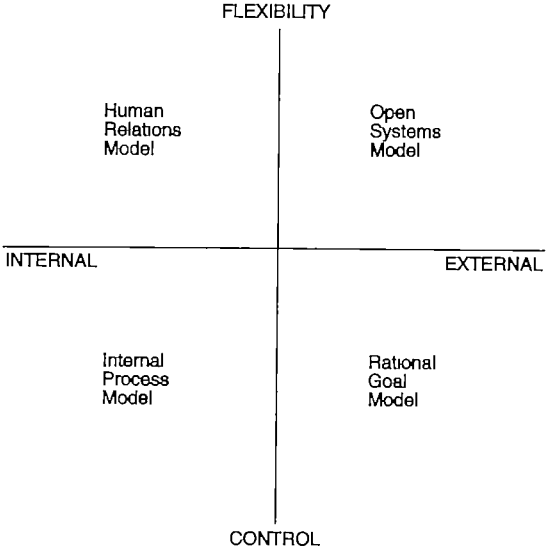


FIGURE 1 *Models of organizational performance*
Source: J. Rohrbaugh, 'The competing values approach', in R. Hall and R. Quinn (eds), *Organisational theory and public policy*, p. 267, © 1983. Reprinted by Permission of Sage Publications.

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major performance criteria here refer to the cohesion, morale and development of the workforce. The 'open systems' model also emphasizes organizational autonomy over means, but in the context of ends that are externally set. Rohrbaugh (1983) argues that relevant performance criteria from this perspective include growth, resource acquisition and political support. The 'internal process' model combines autonomy from external constraints with an emphasis on control within the organization. Important performance criteria include 'an orderly work situation' and the provision of a 'sense of continuity and security' for members of the organization (Rohrbaugh 1983, p. 269). Finally, the 'rational goal' model comprises an external locus of power, tight regulations on organizational goals and performance criteria such as productivity and efficiency.

In any organization, all of these models may be present to some extent. Nevertheless, some political groups, and the performance criteria that they prefer, are likely to be predominant. In recent years, public organizations in the UK and elsewhere have been more heavily regulated by governmental agencies (Hood *et al.* 1998), thereby shifting the locus of power to define performance towards the external rather the internal end of Rohrbaugh's horizontal axis in figure 1 (see above). Furthermore, performance indicators and targets have been increasingly applied to whole sets of organizations, such as schools and hospitals, so there has been a shift down the vertical axis towards 'results-oriented' management (Durant 1999). Together, these movements constitute an emphasis on the achievement of explicit and quantified standards of service provision that have been identified by a powerful external stakeholder.

This rational goal model is strongly reflected in the performance measurement regime that has recently been established for local authorities in England. Under the 1999 Local Government Act, central government has the power to specify Best Value Performance Indicators (BVPIs) and to set targets against these indicators. All local authorities have a duty to achieve continuous improvements on the BVPIs, which cover cost, efficiency, quality, equity and outcomes for the main council services (Boyne 2000b). Furthermore, for a sub-set of the indicators, local councils are obliged to hit 'top quartile' targets over a period of five years. This means that they should have attained by the end of the period the same performance as the best 25 per cent of authorities at the beginning of the period. This is not to argue that the Best Value performance regime ignores local stakeholders. For example, authorities are expected to include local as well as national performance indicators in their annual performance plans. However, the statutory duty of continuous improvement applies more strongly to the national indicators, and there are no top quartile targets for local indicators. The role of central government as the dominant external stakeholder is further reinforced through the Best Value Inspectorate which monitors whether continuous improvement is being achieved, and recommend

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remedial action when it is deemed to be necessary (Audit Commission 2000).

In developing our model of the impact of executive succession we have, therefore, worked with this conception of performance. What is the potential effect of a new chief executive on standards of service provision, as measured and judged by a powerful external constituency such as central government and its agents? This interpretation of organizational performance not only reflects political reality for local authorities and other public organizations, it is also a useful expositional device because the development of our theoretical arguments is greatly simplified. We do not need to pause constantly to reconsider the meaning of organizational performance. This is not to argue that the external imposition of indicators and targets results in a complete absence of performance ambiguity. However, the application of a rational goal model to all organizations does facilitate judgements on whether a new chief executive makes a difference to organizational performance. Even if that difference is only to play the performance indicators 'numbers game' more successfully, this in itself may be regarded by central government as an improvement in performance.

MOTIVES OF CHIEF EXECUTIVES

Three main models of chief executives' motives can be derived from the literature on public sector management. We describe these models as 'the pragmatist', 'the altruist' and 'the egotist'.

Pragmatists in a sense have no motives of their own. They are driven by a simple desire to serve their political masters, and are prepared to respond flexibly and faithfully to governmental priorities. This model of managerial behaviour assumes the existence of a 'politics–administration dichotomy': the role of politicians is to formulate policies and the bureaucracy is simply a neutral machine that implements these policies. To the extent that politicians' objectives are unclear or incomplete, public officials seek to fill in the details by 'knowing the minister's mind' (Heclo and Wildavsky 1974). The assumption that politics can be separated from administration is an important element of new public management (Hughes 1998). For example, the creation of executive agencies in UK central government was based on a belief that the responsibilities of politicians and officials can be clearly separated. However, the politics–administration dichotomy is widely viewed as unrealistic (see, for example, Stewart 1996; Svara 1998).

The main objective of altruists is to provide services that promote public welfare. Indeed Terry (1995, p. 2) argues that this objective is a defining characteristic of bureaucratic leadership which 'entails the exercise of power, authority and strategic discretion in pursuit of the public interest'. This view of the role of public organizations is common in the social policy literature (see, for example, Doyal and Gough 1991; but see Le Grand 1997 for an alternative view). Altruism is also central to the model of 'custodial management' in the public sector outlined by Ackroyd *et al.* (1989). Accord-

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ing to this model, 'the characteristic managerial stance towards public services is what we designate "custodial management", because the primary aim of such management is to preserve and perpetuate customary kinds and standards of service provision' (ibid. p. 603). Furthermore, 'a key aspect of work in the public sector services involves orienting the worker towards the needs of clients and the community; an orientation which is reinforced in practice and professional education' (ibid. p. 611).

A very different set of assumptions concerning managerial motives is provided by public choice theory (Boyne 1998). In this third model, public managers are viewed not as pragmatists or altruists but as egotists. Public choice theorists assume that officials attempt to bias public policies towards their own interests, which have been variously defined as 'budget maximization' (Niskanen 1971) and 'bureau shaping' (Dunleavy 1991). Thus the bureaucracy does not simply follow political orders. As Niskanen (1971, p. 16) argues, the conventional literature on public officials 'has represented the bureaucrat either as an automaton or as maximising some concept of general welfare . . (but) a bureaucrat, like anyone else, maximises his personal utility'. Public choice theory is similar to (but pre-dates) the principal–agent perspective on organizational behaviour: all agents have some discretion, and are likely to use this to pursue their own interests.

It may be argued that, whichever of these three models is valid, executive succession has no implications for organizational performance because each model assumes that all managers share the *same* preferences. However, even if motives are uniform, an injection of fresh managerial blood may have significant consequences, for example, because of a different level of expertise in the deployment of the formal and informal powers of a chief executive (see section that follows). A new face at the top of the organization, even with no change in motives, may be especially important if the previous incumbent has been in office for a long period. Miller (1991, p. 34) has shown that chief executives in private firms get 'stale in the saddle'. In other words, the longer the period of office, the less likely a chief executive is to take new initiatives, and the more likely the successor is to change the priorities and performance of an organization. Miller's (1993, p. 647) explanation is that 'established chief executive officers identify with and often commit themselves publicly to the administrative arrangements that they have helped to design. Such commitment makes them reluctant to change as they wish to appear resolute and consistent . . . . New chief executive officers by contrast . . . can change things without the embarrassment of reversing prior policies or commitments and without the pain of destroying cherished credos'.

Theoretical and empirical support for a negative relationship between longevity and performance is provided in the literature on corporate succession in the private sector. Studies that examine chief executive turnover in Stock Exchange-listed firms find that long-serving chief executives exercise little control over company earnings, and are generally unable to

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enhance performance in the period prior to their departure (Dahya 1997; Murphy and Zimmerman 1993; Pourciau 1993; Strong and Meyer 1987). Although the replacement of a 'stale' leader may lead to better performance, *frequent* turnover seems to have the opposite effect, perhaps because a rapid sequence of succession events is both destabilizing and disruptive.

If the assumption that all chief executives have the same dominant motive is relaxed, then change at the top of an organization may be even more important. For example, the replacement of an altruist by a budget-maximizing egotist may result in lower efficiency, and the replacement of an egotist by a pragmatist may lead to more responsiveness to public preferences. In practice, however, the difference in motives between incumbents and successors is unlikely to be this sharp. A mixture of pragmatism, altruism and egotism may motivate all chief executives. However, the balance between these motives is likely to vary between individuals. In this case, the impact of executive succession may vary positively with the extent of the difference in motives between the old and the new leader.

The balance of motives seems especially likely to change if a new chief executive is appointed from a different organization. Outsiders may be less likely to share the preferences of the previous incumbent, and be more likely to bring a fresh set of values to the tasks of leadership. The shift in motives could be even more pronounced if the outsider is from a different part of the public sector (for example, an appointment to a local authority from the health service or civil service) or from the private sector.

Much of the debate in the corporate succession literature over the last 30 or so years has focused on the problem of distinguishing between insider and outsider appointments and assessing their differential impact on the subsequent performance of the firm. Early studies of succession in the private sector by Helmich and Brown (1972) and Helmich (1975) examined the extent of organizational changes that followed these two different types of appointments. Both studies found that insiders were associated with fewer post-appointment organizational changes, while outsiders generally undertook radical asset and employee restructuring in the post-appointment period. Since these pioneering studies, two major themes have emerged from the fast-growing research in the area. First, there is a complex relationship between the performance of the firm before the change in top executive personnel and the origin of the successor. For example, Dalton and Kesner (1983; 1985) found that an outsider was more likely to be appointed in firms with above average performance, whereas Canella and Lubatkin (1993) reported that an external appointment was more likely in firms with poor performance. Second, the results of tests which examine the relationship between post-succession performance and the previous employment of the incoming senior manager are mixed. Reinganum (1985) and Warner *et al.* (1988) found that better performance was associated with the appointment of an external rather than an internal candidate. However, Beatty and Zajac (1987) failed to find any significant relationship between the type of

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appointment and subsequent performance of the firm. Overall, inconsistencies between research methodologies and variations in data selection make it difficult to draw strong inferences from these studies in the corporate succession literature. Nevertheless, the balance of evidence suggests that outsiders are more likely to implement strategic changes, because they are less committed to the traditions of their new employer (Wiersema 1992).

MEANS

If a new chief executive is motivated to influence the behaviour and performance of an organization, then how can he or she accomplish this? What are the formal and informal means at the disposal of an administrative leader? In this section we first consider the powers available to chief executives, then discuss the main strategies that can be used by them.

Powers

The formal roles and powers of chief executives in the public sector are frequently vague. For example, Morphet (1993, p. iii) argues that 'there is little substance to the chief executive's job except that someone must lead the local authority. The way in which this role is performed rests far more heavily on the personality and charisma of the postholder than any legal or traditional rights'. Travers *et al.* (1997, p. 121) also argue that 'the position and authority (of the chief executive) derives not from formal rules or statute but from accepted understandings within the authority . . . the position of chief executive is one of emergent rather than defined leadership'. Similarly, Stewart (1988, p. 7) claims that 'the greatest sources of variation in the role of chief executives are the chief executives themselves'.

These views imply that there is considerable potential for new administrative leaders to shape their roles in accordance with their priorities. In the absence of detailed statutory powers and responsibilities, the impact of executive succession may partly depend on the difference between the management styles of incumbents and their predecessors. In particular, organizational performance may be influenced by the informal powers of charismatic or 'transformational' leaders (Canella and Monroe 1997; Conger and Kanungo 1987). According to Waldman and Yammarino (1999, p. 268), empirical studies strongly support the view that followers of charismatic leaders, 'are more committed, satisfied and motivated; receive higher performance ratings; have higher trust in their leaders; put forth more effort; and engage in more organizational citizenship behaviours'. An appointee who already has successful experience as a chief executive elsewhere may be especially likely to wield such informal powers, at least initially (Pfeffer and Davis-Blake 1986).

However, charismatic leadership is not always an appropriate response to organizational needs. The corporate succession literature has continually stressed the importance of managerial 'fit' by suggesting that executive transition is more effective if the characteristics of the successor match the

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characteristics of the firm and its environment. Several studies have shown that succession is more effective when new managers are matched to the strategic needs of their company. Gupta and Govindarajan (1984) and Gupta (1989) analysed the relationship between matched succession and organizational performance, and found that incoming managers who had been matched with the strategic objectives of the firm were associated with superior performance (see also Hambrick and Mason 1984; Leontiades 1982).

Some top managers in the public sector have additional formal powers because they are 'twin hatted'. For example, around 10 per cent of local authority chief executives are also directors of finance (Local Government Chronicle 1999). Executive succession may be an especially important event in these organizations. Furthermore, the impact of succession is likely to be particularly pronounced if the new incumbent gains (or loses) the 'extra hat'.

Several studies in the corporate governance literature have examined a similar issue in the private sector – namely CEO duality, where the same individual acts as the chairman of the board of directors and CEO simultaneously. Indeed, shareholder activists and regulatory authorities have attributed the recent decline in performance of some major UK and USA firms to the duality of the CEO, and are pressuring firms to separate these two roles. In the UK, these views have been incorporated in the Cadbury Committee Report (1992). Two contrasting opinions emerge from the literature on the dual CEO. The first is that a dual CEO positively affects corporate performance, while the second suggests the opposite effect. It has been argued that duality creates clear-cut leadership, which permits a sharper focus on company objectives and promotes more rapid implementation of decisions (Anderson and Anthony 1986; Baliga, Moyer and Rao 1996). A further benefit of duality stems from the considerable firm-specific knowledge and experience retained by the CEO (Brickley, Coles and Jarrell 1997).

The main argument against combining posts of chairman and chief executive is that agency costs result from the separation of ownership and control in the modern corporation. Jensen and Meckling (1976) suggest that agency costs arise from the self-utility maximizing behaviour of corporate managers at the expense of owners of the firm. Corporations in the USA and UK address this problem by delegating the responsibility for implementing strategic decisions to the CEO, and by delegating to the board of directors the task of monitoring decisions by the CEO. Thus, agency theory would suggest that combining the two positions would constrain board independence and weaken board control, implying a negative effect on firm performance (Dahya and Travlos 2000). Similarly, in the public sector, wider formal powers for chief executives may weaken political control over bureaucratic behaviour.

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Strategies

Chief executives may seek to influence organizational performance through a variety of strategies. These include attempts to reform internal structures, processes, budgetary priorities and personnel. Research on private organizations has found that incoming senior executives often refocus the firm's strategy, and more generally are likely to restructure the operating procedures of the firm to meet their own personal objectives (Dahya *et al.* 1998; Denis and Denis 1998; Strong and Meyer 1987).

There is a large literature on the relationship between organizational structure and performance in the private sector (see Donaldson 1996). It is unclear whether organizational structures are similarly important in the public sector, simply because little research on this issue has been conducted. Nevertheless, the results of Greenwood's (1987, p. 308) empirical study of strategy and structure in local government suggest that 'the chief executive may be an important fulcrum in the development of structures "fitted" to particular (strategic) styles'. A change in structure may be an important symbolic act for a new chief executive. Structural reform can signal an intention to take the organization in a new direction. Executive succession may lead to the more rapid adoption of organizational structures that are fashionable in 'leading edge' organizations. For example, a current initiative in local government in the UK is to cut the number of directorates, thereby producing a smaller senior management team.

A second strategic lever that is available to a chief executive is the reform of organizational processes. A new administrative leader may seek to sharpen the planning system, for example, in a local authority. Indeed, the emergence of the title of chief executive in local government in the 1970s was closely associated with the development of corporate planning (Lomer 1977). Anecdotal evidence from some councils in Wales, such as those of Carmarthenshire and Torfaen, suggests that the appointment of a new chief executive results in a greater emphasis on formal planning. In both cases, the new incumbents drew on their (presumably successful) experience of planning processes in English authorities. A stronger commitment to strategic planning may prove appealing to a new chief executive not only because of its potentially positive effect on performance (Boyne 2000), but also because it may be a method for securing greater *control* over an organization (Van Gunsteren 1976).

A third organizational strategy that is available to a new chief executive is to attempt to alter budgetary priorities. Norton (1989, p. 77) argues that chief executives are 'at the centre in the evaluation of rival claims for scarce resources'. Similarly, Boynton (1986, p. 42) claims that of all the decisions in which a local authority chief executive is involved, 'none is more important than the budget'. In recent years, annual changes in the total size of local authority budgets have been strongly influenced by central government (Boyne *et al.* 2000). Even before this period, the budgetary shares of different departments changed very slowly from one year to the

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next (Danziger 1978; Sharpe and Newton 1984). Thus the scope for rapid shifts in budgetary priorities may be very limited. Nevertheless, small adjustments over several years could have important cumulative effects. Even incremental increases in the budget for some services, and decremental decreases for others, may ultimately have significant implications for organizational performance.

Finally, chief executives can seek to influence performance through two aspects of staff management. First, different approaches to human resource management (HRM) may be followed. HRM policies and practices in the public sector remain significantly different from those in the private sector. Public managers are more likely to favour 'soft' rather than 'hard' HRM. For example, they are more committed to equal opportunities and more concerned to protect the welfare of the workforce than are their private sector counterparts (Boyne *et al.* 1999). However, public organizations vary in the extent to which they follow soft HRM policies. A new chief executive may seek to alter the style of HRM, which in turn may influence organizational performance. Little work has been done, however, on which HRM strategies are most likely to be successful in the public sector.

A second aspect of staff management that can be influenced by administrative leaders is the personnel who are appointed to key positions. As Asquith (1997, p. 88) concludes on the basis of case studies of eight local authorities, 'the ability of the chief executive to manage change successfully . . . is heavily reliant upon the cooperation and support of the chief officer team'. A new top manager may either shuffle the existing pack or bring in new senior officers who support their views. If an outsider is appointed as chief executive, the latter group may include former colleagues from his or her previous organization.

An important theme that has emerged in the management succession literature involves the homogeneity versus the heterogeneity of the top management team and its impact on corporate performance. The basic issue is whether firms managed by a team of senior executives with similar demographic backgrounds and values – such as age, sex, educational level, length of service or residence, and firm-specific experience – perform better than firms that possess more diverse top management teams (Hambrick and Mason 1984; Hambrick 1987; 1989). Heterogeneity in senior management teams tends to be associated with bringing diverse views forward, whereas homogeneity is generally associated with a unified strategic focus and a consensus in executive decision making (Daily and Schwenk 1996).

Each of the strategies discussed in this section, taken separately, may have a significant impact on organizational performance. It is also possible that combinations of the strategies may have a non-linear impact on an organization. In other words, reform on several fronts simultaneously may have an especially strong interactive effect. However, it should be added that the positive returns from reform could start to diminish as more and more changes are implemented, and could eventually become negative. The

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result may not be a positive organizational transformation, but merely turmoil and trauma.

OPPORTUNITY

Whether new chief executives have the opportunity to influence organizational performance will depend on the constraints that they face. Two types of constraint can be distinguished: external constraints on the organization, such as the legal and socio-economic environment; and internal constraints, for example, the preferences of politicians and expectations concerning the role and influence of chief executives. In each case, two issues arise that shape the impact of executive succession. First, to what extent does the succession event in itself alter these constraints? Secondly, is it possible for new chief executives to take actions that loosen the constraints and thereby leave themselves with more room for manoeuvre?

There is a substantial body of research on the external circumstances that limit the autonomy of decision makers in local government (Boyne 1996c). These constraints largely emanate from central government: for example, legislation and circulars, the level of central government grants, and inspection and audit regimes. The discretion of local policy makers is also limited by the actions of other organizations in the public and private sectors, such as health authorities and companies that are major local employers. Another external constraint stems from the level of service needs in the local area. Authorities that face high levels of need (as measured, for example, by economic deprivation and the percentage of the population who are young or old) are constrained to provide high levels of services.

None of these circumstances is likely to be altered simply by the replacement of one chief executive with another. The succession event in itself does not loosen the legal, financial or socio-economic constraints on the behaviour and performance of a local authority. This suggests that the impact of executive succession is likely to be minor in comparison with the impact of these external variables. In other words, executive succession may explain only a small part of the variation in performance across local authorities. Nevertheless, a new chief executive may be able to reinterpret the environment in a way that provides more scope for improving organizational performance. Pfeffer and Salancik (1978, p. 13) argue that 'perhaps one of the most important influences on an organization's response to its environment is the organization itself. Organisational environments are not given realities; they are created through a process of attention and interpretation'. This view probably overstates the fluidity and malleability of environmental constraints. However, it does usefully highlight the point that a 'fresh-eye' at the top of an organization may uncover more opportunities for the exercise of discretion.

The autonomy of a new chief executive is also limited by intra-organizational constraints. The most important of these in local government probably relate to the preferences and expectations of the ruling political

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group (Isaac-Henry 1999). Again, the succession event *per se* is unlikely to alter the programme and objectives of the majority party. However, a different chief executive may propose alternative methods for the achievement of these objectives. Furthermore, if top managers are not simply pragmatists, they have the potential to influence the objectives themselves.

To some extent, the impact of executive succession on performance will depend on politicians' expectations concerning the role of the new incumbent. In the UK, advertisements for chief executive posts in *Local Government Chronicle* in recent years have emphasized that the successful candidates will be expected to secure service improvements. For example, in March 1999, Peterborough City Council was seeking a chief executive who would 'deliver our vision of providing high quality, effective public services'. Similarly, Bradford Metropolitan District sought someone with 'leadership skills to help maintain the long tradition of ideas, innovations and pioneering initiatives of this historic council'. In Wales, Rhondda Cynon Taff County Borough Council required a new chief executive who 'has the capacity to provide strong strategic and corporate management to a Council which is committed to modernisation'. However, dynamic leadership is not always sought. Local authorities with strong political programmes (or simply strong political personalities in charge of the ruling group) may seek a chief executive who is both pliable and deferential. If both the predecessor and the new incumbent play this role, changes in performance in such authorities may be unrelated to executive succession.

Finally, the power structure in an organization is likely to influence the impact of executive succession. If a local authority has traditionally had a strong corporate centre, then a new chief executive may find that reforms are more easily implemented. By contrast, if an authority consists of a set of departmental fiefdoms, changes in behaviour and performance may be difficult to achieve. The very process of executive succession may lead to a fragmentation of power in an organization as the old leader loses control and departments compete for favourable starting positions in the new regime (Miller 1993). In this context, it may be necessary for new chief executives to restructure and to centralize power in order to achieve their organizational objectives. This strategy, in turn, is likely to be more feasible in a small than a large organization, so succession effects may be mediated by scale (as measured for example, by the number of departments or the total number of staff).

PUTTING THE PIECES TOGETHER: MODEL AND HYPOTHESES

The main concepts in our model of executive succession are combined in figure 2. The fundamental source of succession effects is that a top manager arrives with an outlook and motives that differ from those of the previous incumbent. The impact of a new chief executive on organizational performance is limited by external and internal constraints, and it operates through a number of organizational strategies. The model assumes that senior man-

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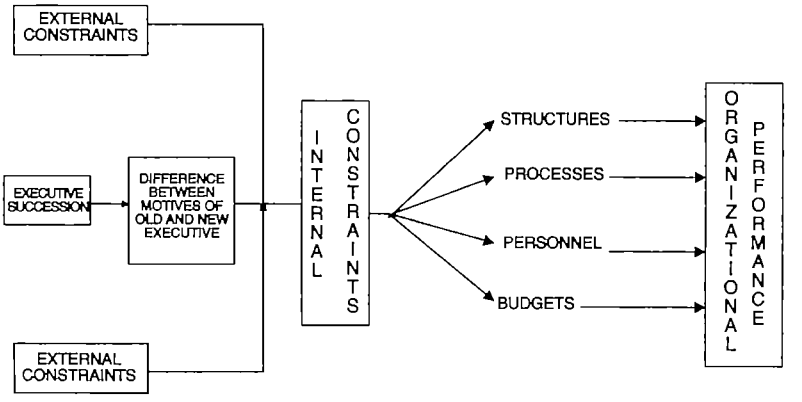


FIGURE 2 *A model of the impact of executive succession on organizational performance*
Note 1: Impact of executive succession is limited by external constraints (e.g. legislation, inter-governmental revenues) and internal constraints (e.g. formal responsibilities of Chief executive, centralization of power within the organization).
Note 2. Chief executives may seek to improve performance through a range of strategies. These include new organizational structures, new processes (e.g. more formal planning), new appointments to senior posts, and different budgetary priorities.

agers' room for manoeuvre is primarily determined by the external circumstances that confront the organization, although executive action may alter these at the margin. The effect of executive succession is further limited by internal organizational variables. Finally, within these constraints, the influence of a new chief executive is dependent on the successful pursuit of a variety of management strategies. In sum, our main hypothesis is

> H1: executive succession makes a difference to the performance of public organizations.

It is conceivable that some effects of succession on performance may be negative while others are positive. At the statistical limit, such effects may cancel out. However, this combination of events is likely to be rare, so we retain the proposition that some impact of executive succession will be observable.

Although figure 2 captures the main elements of our model of executive succession, it is a highly simplified picture in two important respects. First, the causal relationship between succession and performance runs from left to right. This is an acceptable assumption for the short term: a change at the top of the organization is expected to lead to a change in performance. However, over the medium or long term (perhaps 3–10 years), the direction of causality may be reversed. That is, changes in performance are likely to lead to executive succession. For example, a decline in performance, or a failure to produce as great an improvement as initially expected, could lead to a chief executive's dismissal. A surge in performance, or even a steady improvement in difficult circumstances on the other hand, may lead to a

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voluntary resignation rather than a dismissal. An exceptionally successful chief executive is likely to find that leadership opportunities are available in other organizations. Thus an empirical test of a fully specified dynamic model would need to allow for this reciprocal relationship between succession and performance.

A second simplification in figure 2 is that the model contains no interaction effects between the explanatory variables. Each influence on performance is shown separately. However, our discussion of motives, means and opportunity contained many examples of interactive relationships between these concepts. The effects of executive succession are contingent on a variety of circumstances. In particular, at least 17 further hypotheses concerning succession effects can be derived from our theoretical discussion of motives, means and opportunities (see table 1). All of these hypotheses suggest that the *strength* of the impact of a new chief executive is moderated by internal or external variables. In most cases, we expect these moderator variables to enhance the strength of the relationship between succession and performance (as indicated by the plus signs in table 1). By contrast, we expect the frequency of top management turnover and organizational size to weaken this relationship (as indicated by the minus signs beside

TABLE 1 *Hypotheses on variables that influence the strength of the impact of executive succession*

(a)	**Contingency effects of motives**
H2	The difference between the primary motives of the old and new executive (+)
H3	The time in office of the previous incumbent (+)
H4	The frequency of turnover in office (−)
H5	The appointment of an outsider as chief executive (+)
(b)	**Contingency effects of means**
H6	Personal characteristics of the new chief executive that are associated with transformational leadership (+)
H7	The number of formal roles played by the new leader (e g. finance director as well as chief executive) (+)
H8	An increase in the number of formal roles at the same time as, or soon after, the succession event (+)
H9	A strategy of structural change by the new leader (+)
H10	Reform of organizational processes (+)
H11	Shifts in budgetary priorities (+)
H12	Changes in HRM strategies (+)
H13	The appointment of new senior managers who are sympathetic to the chief executive's objectives (+)
(c)	**Contingency effects of opportunity**
H14	Weak external constraints (+)
H15	External constraints that can be manipulated, even marginally, by the new incumbent (+)
H16	Ruling politicians' expectations of dynamic leadership by the new top manager (+)
H17	A pre-existing centralization of power within the organization (+)
H18	The size of the organization (−)

Note 1 + = variable enhances the relationship between succession and performance.
Note 2 − = variable suppresses the relationship between succession and performance

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hypotheses H4 and H18 in table 1). Whether succession results in better or worse performance is another matter. This will partly depend on the motives of chief executives, their formal and informal powers and the success of the managerial strategies that they deploy.

CONCLUSION

In this paper we have developed a theoretical model of the relationship between executive succession and organizational performance. Our most important conclusion is that there are strong grounds for expecting a new administrative leader to make a small but significant difference to performance. The difference is likely to be *small* because chief executives are confronted by heavy constraints, both outside and inside their organizations. Executive succession is only one of many variables that influence performance, few of which may be disturbed by the appointment of a new top manager. Nevertheless, the difference is likely to be *significant* because chief executives possess some autonomy from environmental and political constraints, and can use this autonomy to alter organizational behaviour, for good or ill. This suggests that executive succession should be an important part of the research agenda on the performance of public organizations.

We have argued that the strength of the effect of executive succession is moderated by, or contingent upon, a set of external and internal circumstances. This implies that the same chief executive would have a different net impact on different organizations. The importance of the *interaction* of managerial characteristics and organizational circumstances also implies that different chief executives would have different effects on the same organization. This multi-dimensional contingency model may appear complex, but then so are the consequences of executive succession in practice. A simple model of organizational performance, with executive succession as just one more factor to be added to the list of separate explanatory variables, would fail to capture this complexity.

In sum, we expect empirical tests of the model to reveal that executive succession in the public sector is an important event. Top managers do matter. This view may provide some comfort to the political and bureaucratic masters of public organizations who are seeking to raise performance by appointing new administrative leaders. It may indeed be possible to 'shake up' an organization by firing one chief executive and hiring another. Yet a changing of the guard holds no guarantees for better processes and outcomes. Rather the direction and extent of succession effects are likely to be the product of a combination of motives, means and opportunities.

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APPENDIX

Chief executive turnover in English local authorities (1981–96)

Panel A: Annual percentage change

Year	*London Boroughs*	*Metropolitan Districts*	*Wholly-elected Non-Metropolitan Districts*	*Partially-elected Non-Metropolitan Districts*	*County Councils*	*Total*
1981	11 (4)	6 (2)	7 (13)	8 (8)	3 (8)	7 (30)
1982	19 (6)	11 (4)	7 (14)	10 (10)	0 (0)	8 (34)
1983	16 (5)	11 (4)	8 (16)	5 (5)	5 (2)	8 (32)
1984	6 (2)	11 (4)	8 (16)	12 (12)	10 (4)	9 (38)
1985	9 (3)	6 (2)	13 (25)	14 (14)	8 (3)	12 (47)
1986	11 (4)	11 (4)	8 (16)	10 (10)	5 (2)	9 (36)
1987	16 (5)	6 (2)	9 (18)	5 (5)	16 (6)	9 (36)
1988	11 (4)	22 (8)	7 (13)	7 (7)	5 (2)	8 (34)
1989	9 (3)	19 (7)	10 (20)	12 (12)	13 (5)	12 (47)
1990	16 (5)	11 (4)	13 (26)	14 (14)	11 (4)	13 (53)
1991	22 (7)	11 (4)	8 (15)	12 (12)	18 (7)	11 (45)
1992	16 (5)	17 (6)	11 (22)	14 (14)	21 (8)	14 (55)
1993	3 (1)	11 (4)	11 (22)	8 (8)	8 (3)	9 (38)
1994	22 (7)	14 (5)	6 (11)	13 (13)	3 (1)	9 (37)
1995	16 (5)	8 (3)	8 (15)	5 (5)	16 (6)	8 (34)
1996	25 (8)	3 (1)	10 (19)	8 (8)	18 (7)	11 (43)

Panel B. Frequency of turnover

Number of changes	*London Boroughs*	*Metropolitan Districts*	*Wholly-elected Non-Metropolitan Districts*	*Partially-elected Non-Metropolitan Districts*	*County Councils*	*Total*
0	0	1	14	3	2	20
1	10	12	99	48	17	186
2	8	18	62	45	11	144
3	9	4	18	5	8	44
4	4	1	1	1	0	7
5	1	0	0	0	0	1

NB Three main findings emerge from a visual inspection of panel A in this table First the proportion of authorities experiencing top management change has increased from 8 75 per cent averaged over 1981–88 (the first half of our sample) to 10 87 per cent over 1989–96 (the second half of our sample) Second, an increase in the rate of succession is also present in each local authority sub-group (London Boroughs, Metropolitan Districts, Non-Metropolitan Districts, and County Councils). Chief executive succession in the London Boroughs over the second half of our sample period is more than double that documented in the other sub-groups. By contrast, succession for Metropolitan Districts and Non-Metropolitan Districts shows only a slight increase between 1981–88 and 1989–96. Third, succession was at its highest for all local authorities over the 4-year period 1989–92 Panel B of Table 1 provides information on the frequency of chief executive succession over 1981–96. Over 82 per cent of all local authorities over the 16-year period experienced at least one or two changes in their chief executive Almost 5 per cent of councils had the same chief executive for the entire 16-year period. At the other extreme, 2 per cent of authorities had 4 new chief executives.

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NOTES AND SURVEYS

MEASURING INNOVATION – APPLYING THE LITERATURE-BASED INNOVATION OUTPUT INDICATOR TO PUBLIC SERVICES

RICHARD M. WALKER, EMMA JEANES AND ROBERT ROWLANDS

Governments have been encouraging public service organizations to innovate. However, little is known about the extent of innovation in public service organizations. A private sector approach to the measurement of innovation – the literature-based innovation output indicator (LBIOI) – is applied to public service organizations to address this significant information gap. The method is described and then explored in one public service sector, English housing associations. A sample of 257 innovations is constructed and then subject to analysis. This initial testing of the LBIOI indicates that the approach can be applied across public services to create longitudinal data sets, which will enhance the communication of good practice and the use of evidence in public policy, management and research This methodology is demonstrated to offer initial insights to public service innovation and would allow relationships to be explored notably innovation and performance, a relationship central to government's promotion of innovation

INTRODUCTION

There has been a growing expectation by governments around the globe that public service organizations should and will innovate to enhance performance. In Britain this was seen by the emphasis placed upon market mechanisms and the use of non-state providers under the Conservative administration. The Labour administration has continued this theme, but promoted innovation through managerial and bureaucratic approaches, notably Best Value in local government, and through the work of the Cabinet Office. These expectations by governments highlight the political nature

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of innovation and the way in which public service organizations can use innovation to maintain organizational legitimacy because innovation: '. .may be a form of political "circus" by which a public agency seeks to convince the public of its progressive and presumably efficient mode of operation' (Feller 1981, p. 14). Though these factors reflect the subjective nature of innovation they do not undermine the importance of developing methodologies that allow the nature of public service innovation to be explored. Such studies are important because little information exists about the extent of innovation in public service organizations, beyond occasional sectoral or country studies (e.g. Borins 2000; Ferlie *et al.* 1984; Golden 1990; Osborne 1998). There is, however, a longer pedigree of work on the innovativeness of parts of the economy in the private sector. This work has typically assessed innovation through input measures, such as R&D expenditure, partial outputs such as patents or through primary survey work. The direct transfer of such approaches to the measurement of innovative activity is not always practical for public services, while the techniques themselves are problematic.

During the 1980s and 1990s, innovation output indicators were developed which were based upon secondary data sources. This method was developed in the USA and Europe (Edwards and Gordon 1984; Kleinknecht 1991) and more recently applied to the UK (Coombs *et al.* 1996). The method seeks to address some of the measurement problems alluded to above in order to make modest claims about the pattern of innovation in sectors of the economy.

The objective of this paper is to understand if Coombs *et al.*'s methodological approach, the literature-based innovation output indicator (LBIOI), can be applied to public service organizations and to assess its usefulness to public policy, management and research. The paper initially addresses issues of innovation measurement and classification. The method is then described. In the paper's third section we undertake an initial exploratory test of the technique in a public service organization sector – that of housing associations or Registered Social Landlords – and make some observations about the type of innovation and its origins. Conclusions indicate some methodological difficulties but demonstrate the value of such an approach alongside other primary data collection techniques for public service organizations and their research.

INNOVATION CLASSIFICATION AND MEASUREMENT

Innovation is a complex concept. The organizational studies literature on innovation highlights a number of strands that need to be outlined prior to examining the classification and measurement of innovations. Innovation is a process through which new ideas, objects and practices are created, developed or reinvented (Rogers 1995; Kimberly 1981). It relates to the introduction and application of ideas within a role, group or organization (King 1992). It is most commonly associated with processes, products or

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procedures, or outcomes (Abernathy *et al.* 1983). It is something new and novel with regard to the relevant unit of adoption, rather than newness *per se* (Aitken and Hage 1971; Hage and Dewar 1973; Rogers 1995), and therefore subjective. It is designed with the intent to benefit the individual, the group, organization or wider society (Hosking and Morley 1991; Anderson and King 1991; Hosking and Anderson 1992) though an innovation may have a negative and unanticipated impact (Osborne 1998). Finally, and importantly, it is associated with discontinuous change (Tushman and Anderson 1986; Tushman and Nadler 1996; Osborne 1998) and it is a process of destruction.

Innovation classification

In order to measure innovation and to be able to understand its magnitude it needs to be classified. The potential range and extent of different types of innovations and innovation research suggests that they may have many different attributes (Slappendel 1996; Wolfe 1994) and that measurement is problematic. Wolfe (1994) therefore argues that it is important for researchers to specify the attributes of innovation as a starting point for understanding innovation. His review of innovation research identifies 17 attributes that can be used in the process of classifying and understanding innovations, six of which were found to influence innovation in previous research. These are adaptability, centrality, organizational focus, pervasiveness, radicalness and uncertainty (Wolfe 1994, p. 419). However, other researchers' classifications have relied upon uni-dimensional categories or dichotomies (for example, Damanpour and Evans 1984; King and Anderson 1995). By contrast, Coombs *et al.* (1996) adopt a product-focused definition of innovations (five of their six categories) in their literature-based innovation classification – in keeping with many of the private sector studies. The product focus can be problematic in the public sector where many innovations are service based, and where services are consumed at the point of their production (Normann 1991).

Within a public service context Osborne (1998) has developed a two-dimensional typology of innovation in response to the traditional separation of innovation as product and process. The separation of product and process in the innovation literature is related to organization life cycles. New organizations are seen to produce product innovations while older, mature, organizations produce process innovations to enhance the technical efficiency of previous product innovations. However, such a perspective denies the possibility of 'reinvention' across organizational types or sectors or the impact of discontinuities. It is possible that organizations can 'demature' and move away from the 'mature' productivity/efficiency focus, to emphasize product development and diversity, which is implicitly assumed in government calls for public service innovation. Osborne's (1998) typology combines the product and process separation allowing for product or process innovation to occur at any stage of the life cycle thereby

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highlighting discontinuity (innovation) and continuity (organizational development) along the dimensions of services and users, similar to those used by Ferlie *et al.* (1984) to describe innovations. Figure 1 presents this typology. The first dimension is concerned with the impact of organizational change upon the services that an agency produces, categorizing them as existing or new ones, the latter involving 'service-discontinuity'. The second dimension is concerned with the relationship of an organizational change to the organization's users. Again it seeks to categorize the relationship to clients as meeting the needs of existing end-users groups, or new ones, which involves 'end-user discontinuity'.

This two-dimensional typology leads to four types of innovation. First, total innovation, involving discontinuous change that is new to the organization and serves a new user group. Second, expansionary innovation, where the change involves offering an existing service of the organization to a new user group. Third, evolutionary innovation, where the change involves providing a new service to the existing user group of an organization. Finally, developmental or incremental innovation (Bessant 1998), where the services of an organization to its existing user group are modified or improved. This typology of innovation is a useful classification mechanism that allows organizational change and development, be they total, expansionary or evolutionary, to be separated from innovation. This approach to the classification of innovations will be used to test the applicability of the LBIOI to public service organizations.

Innovation measurement and the literature-based innovation output indicator

The promotion of innovation is a relatively new phenomenon for public service organizations. Consequently there is not a tradition of innovation research in the European context, something which is, for example, reflected

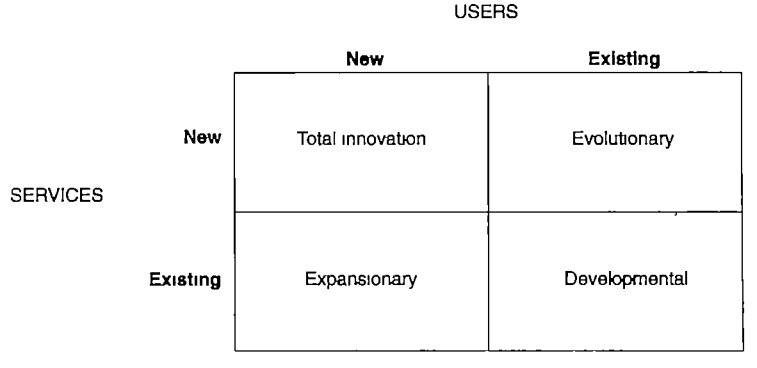


FIGURE 1 *A typology of public services innovation*
Source: adapted from Stephen P. Osborne (1998) *Voluntary organization in public services*, p. 64, copyright 1998. Reproduced by kind permission of Routledge.

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in the limited use of the term in the main academic journals such as *Policy and Politics* and *Public Administration*. It also means that there is no defined or generally accepted measurement approach. Public service innovation authors (for example, Osborne 1998) have used techniques developed in the 1960s and 1970s, such as the Aston Measures. However, these are measures of the structural characteristics of innovative organizations, a theme of research in its own right, rather than methods to discuss the characteristics of a sector. This paper, therefore, turns to private sector literature and models.

A number of problems have been identified with existing measures in the private sector. First, measures of R&D activity indicate levels of input into the innovation development process not outputs. Furthermore, there is not a tradition of large scale R&D in many public service sectors. Second, patents represent inventiveness or creativity and not innovation. They are also highly product focused and discretionary – innovations might not be patented. Third, surveys have been a more traditional approach in assessing the innovativeness or firms or the rate of adoption of innovations (Rogers 1995; Wolfe 1994). However, questionnaire surveys have their own methodological problems and are a burden to organizations. The bibliographic techniques of the literature-based innovation output indicator have been developed to discuss innovation in sectors of the economy. Coombs *et al.*'s (1996) application of this technique in the UK private sector uses technical journals as its information source and classifies the innovations. Their classified innovations are then descriptively compared to variables such as innovation origin. The technique therefore moves away from inputs, measures of creativity and difficulties associated with questionnaire surveys.

However, the use of LBIOI raises a number of issues for public services research. Though technical journals are plentiful, a tradition of carrying 'new product announcements' does not exist as it does in the private sector. Second, social policy innovations are likely to involve both product and process and the technique has previously been prone to capture product innovations (Coombs *et al.* 1996). Thirdly, the reporting of innovations in 'technical' or professional public sector journals is not necessarily independently controlled by an editor as it is for private sector journals. It is therefore reliant upon the reporting of innovation, which could reflect the self-marketing capacities of organizations and the political necessity of being seen to be innovating. Notwithstanding these variations from the private sector model, data sources do exist for innovation announcements in the public services. In particular the growth of good practice – often validated by professional agencies, regulators or government departments – is an important development and source of information, in addition to professional journals.

The model has a number of strengths. Critically, the method, unlike direct surveys or other techniques, does not burden public service organizations. It does not rely upon 'snap-shot' or one-off surveys and can adopt a

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continuous approach, building longitudinal data sets. Such data sets could be used to track reported innovation over time in order to explore adoption and diffusion rates. The methodology can also be comparative, between different public services and different countries. However, a number of weaknesses are also found in the model. These include the problems of judgement over journal content. The possibility that some public service organizations will be better at generating announcements of their innovations than others or accessing funding opportunities for innovative work also needs to be recognized. In current (private sector) usage, the model has been biased towards product and does not capture process innovations particularly well. However, by developing the breadth of the literature sources and adopting Osborne's typology of innovation classification this problem can be addressed and the model applied to a range of human and technical public services. Given these strengths and weaknesses, we suggest that it is a potentially useful technique. We now go on to outline the data sources and information for our exploratory application of the LBIOI and present our results.

APPLYING THE LBIOI – AN EXPLORATION IN THE HOUSING ASSOCIATION SECTOR

Data were collected for the period 1997–99 for English housing associations. The data sources used were readily identifiable, namely, the professional housing press (*Agenda, Housing, Housing Today, Inside Housing*). In addition to innovations reported in these publications, data were collected from the Housing Corporation's Innovation and Good Practice Database (817 entries). This database contains information on innovation, good practice, research projects and dissemination activities. Housing associations listed in this database were undertaking projects that were unlikely to develop without external support and had to produce results which could be generalized across the sector. Consequently, innovations had to be identified. Where insufficient information was available about either the innovation or the housing association the information was ignored. This led to a total database of 257 entries for innovations, made up of 186 from the Housing Corporation database and 71 from publications.

Information collection for database

The information collected broadly followed the Coombs *et al.* (1996) approach to characterize innovation in the sector. Information was collected on issues outlined below. *Innovation description* – the innovation was briefly described. *Housing Association identity* – the housing association responsible for bringing the innovation to the sector was identified and its name recorded. *Type of innovation* – the innovation was classified against Osborne's typology. This part of the research is dependent upon the judgement of the individuals who are creating the database. To ensure consistency the research team independently classified the innovations and then compared

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their results. Discrepancies were discussed until a consensus was reached after reclassification (Coombs *et al.* 1996). *Origin of the innovation* – information about the national identity of the innovation was collected because context plays an important role in social policy innovations. For example, past policy importation has failed due to a lack of understanding of context (see Clapham and Kintrea 1987 for an example). *Partnership innovation* – the research by Coombs *et al.* (1996) noted that new or novel innovations were more likely to be found in joint ventures in their private sector research. In the housing association sector we have seen an emphasis upon inter-organizational working and the emergence of a range of new inter-organizational practices (Reid 1999). *Location of the innovation* – the location of the innovation was noted to see if there were any geographical trends with some regions expressing a higher level of innovation. *Housing association size* – this was explored to discover if innovation was concentrated in small or large organizations. In the innovation literature it is suggested that larger and mature organizations are more likely to produce productivity/efficiency innovations rather than new products and be less innovative *per se* (Kimberly and Evanisko 1981), while others have argued that size creates organizational slack and increases the capacity for innovation (Berry 1994). Two measures of size have been adopted. First, the absolute measure of the number of homes that a housing association owns and, second, the stock: staff ratio to measure the intensity of the number of staff.

The data

This section explores the innovations in the housing association sector to see if the technique provides useful data on the nature of innovation in a particular sector. Further and more detailed research would need to be undertaken to explain the innovativeness of organizations studied here or the processes which led to them being innovative. The results are presented under the following headings: type of innovation, origin of innovation and distribution of innovations across housing association sector.

Table 1 illustrates the range of types of innovations using the Osborne typology. Nearly 60 per cent of activities captured in our sample could be classified as major innovations – developing new services or serving new users. Of these, the largest proportion developed services for existing users.

TABLE 1 *Type of innovation*

Innovation classification	Number of innovations	Percentage
Total	16	6
Expansionary	31	12
Evolutionary	104	41
Developmental	106	41
All	257	100

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TABLE 2 *Geographical origin of innovation*

Origin of innovation	Number of housing associations	Percentage
Domestic	250	97
International	7	3
Total	257	100

A smaller proportion expanded their user base while 6 per cent developed total innovations. To illustrate the type of innovations being developed, an example of a total innovation was the movement of associations into private renting where they served different users and had to develop new services. Expansionary innovations were often associated with stock transfers and various forms of formal and informal alliances between associations. Evolutionary innovations were seen in the development of new community services to housing association tenants and development or incremental innovations focused upon organizational development and training. It would be expected that for any sector there would be more developmental activity than other types because these are less risky developments since they seek efficiency to known processes or products and known end users. It could also be argued that a public service organization, given its nature and purpose, would be more likely to innovate to provide new products or processes to known end users rather than expanding to provide to new end users.

The origin of the innovation (domestic or international) is shown in table 2. The table illustrates the dominance of the domestic context for these ideas, something which can be explained by the relatively parochial nature of housing associations in the international sector. Table 3 indicates that nearly half of the innovations were undertaken by a housing association singly, rather than in partnership with other housing associations or other organizations. Partnerships were more likely to be made with organizations other than housing associations, and included local authorities, consultants and a range of other private sector organizations. The distribution of innovations by stock size, staffing ratio and their government region are dis-

TABLE 3 Partnership origin of innovation

	Number of housing associations	Percentage
One RSL alone	121	47
Partnership with other RSLs	54	21
Partnership with other organizations	77	30
Total	257	100

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TABLE 4 *Distribution of innovations by stock size*

Size of HA (by stock)	Number of housing associations	%
> 5000	75	29
250–5000	115	45
< 250	6	2
Non RSL led	28	11
Information not available	32	13
Total	257	100

cussed in tables 4, 5, and 6 respectively. The majority of the innovations reported were based in the mid-range of housing association (stock units between 250–5000) with very few in the smallest associations. Table 5 indicates that those who have the highest staff:stock ratios are not the main innovators, but those with the smaller staff:stock ratios account for 67 per cent of the innovations reported. There is an uneven spread of reported innovations; in particular, nearly a third of all those reported were based in London (table 6). This may be partly explained by the greater number of associations in the region. The innovation index in table 6 reveals that while London remains the most innovative region, the propensity to innovate is high in both the North and West Midlands regions.

TABLE 5 *Distribution of innovations by staff*

Staff:stock ratio	Number	%
1–2.5	53	21
2 5–5	119	46
5–10	22	9
10–15	5	2
20 +	2	1
Not available	22	9
Non RSL	34	13
Total	257	100

TABLE 6 *Distribution of innovations by region*

Region	Number	%	No of housing associations in region	Innovation index
North	33	13	37	0 89
North West	37	15	57	0 65
West Midlands	34	14	37	0 92
Eastern	16	6	49	0.33
South West	15	6	31	0 48
South East	34	14	54	0.63
London	82	33	88	0 93

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TABLE 7 *Innovation type by partnership arrangement*

Classification of innovation	One housing association alone (%)	Partnership with other housing associations (%)	Partnership with other organization (%)
Total	8 2	5 6	3.8
Expansionary	7 4	20.4	14.1
Evolutionary	37.7	35 2	48 7
Developmental	46.7	38.9	33.3
ALL	100	100	100

$Chi^2 = 10.434$, $p = 0\ 081$

We now go on to tabulate partnership, size, stock:staff ratio and region against the type of innovation. The limited number of international originated innovations makes any inferences from table 2 limited. That the international origins may have produced a disproportionate number of total innovations to what may have been expected (14 per cent as against 6 per cent) seems intuitively reasonable (less ambitious innovations are probably developed or identified more locally), but the numbers are too small to make any strong inferences. Table 7 indicates that the total innovations were disproportionately sole activities rather than partnership activity, although the expansionary and to a lesser extent evolutionary innovations were disproportionately partnership activities (with other housing associations and non-housing associations respectively). The developmental activities were also disproportionately sole activities rather than those in partnership. These findings, therefore, lend some support to Coombs *et al.* study, and where they differ, in the case of total innovations, the numbers are relatively small. However, the results are not statistically significant.

As discussed above, the small number of total innovations means conclusions cannot be drawn from table 8; however, the findings imply that the more efficient types of housing associations are those who produce total innovations. For both evolutionary and developmental innovations, the 1–2.5, and 5–10 staff: tock ratio categories, have disproportionately more innovations identified. The evolutionary innovations also produce mixed find-

TABLE 8 *Innovation type by number of staff*

Classification of innovation	1–2.5 (%)	2 5–5 (%)	5–10 (%)	10–15 (%)	20 + (%)	Non housing association (%)
Total	7 5	5 0	0	0	0	11.8
Expansionary	15.1	8 4	18.2	0	50 0	11 8
Evolutionary	24 5	49.6	31.8	100	0	38.2
Developmental	52.8	37 0	50 0	0	50 0	38 2
ALL	100	100	100	100	100	100

$Chi^2 = 26.918$, $p = 0.081$

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TABLE 9 *Innovation type by housing association stock size*

Classification of innovation	> 5000 (%)	250–5000 (%)	< 250 (%)	Non housing association (%)
Total	6 7	4.3	0	10 7
Expansionary	9.3	12 9	16 7	14 3
Evolutionary	38.7	43.1	33.3	35.7
Developmental	45.3	39.7	50.0	39.3
ALL	100	100	100	100

$Chi^2 = 4\,370$, $p = 0.976$

ings, with the 10–15 category of staff:stock ratio being disproportionately innovative in this category. It is therefore difficult to conclude any progression of efficiency or slack as an indicator of the type of innovations produced.

Table 9 indicates that larger housing associations produce more total innovations and a high level of developmental activity. Expansionary innovations were more prevalent amongst the smaller associations; medium-sized associations were more likely to undertake evolutionary activities. A high number of non-housing association led innovations were total, suggesting the use of these organizations for their diverse skills and expertise. Table 10 illustrates the regional variations in the types of innovative activity, but is not significant. London originates half the total innovations while the Eastern and South West regions produce disproportionately more total innovations than might be expected.

Our analysis provides some evidence about the pattern of innovation in the housing association sector while raising issues which will require additional investigation. The main feature of the results presented above is the emphasis by housing associations upon evolutionary innovation or developmental activity to provide services to existing user-groups. Total innovation is limited in the housing association sector. However, this finding concurs with Coombs *et al.*'s (1996) work on private sector organizations

TABLE 10 *Innovation type by region*

Classification of innovation	North (%)	North west (%)	Yorkshire & Humberside (%)	West Midlands (%)	East Midlands (%)	Eastern (%)	South West (%)	South East (%)	London (%)
Total	5.9	0	6 3	5 9	0	12 5	12 5	2 9	9.8
Expansionary	5 9	13 2	6 3	11 8	50 0	0	18 8	8 8	11 6
Evolutionary	47 1	42 1	37 5	38 2	25.0	50 0	31 3	47 1	39 5
Developmental	41 2	44 7	50 0	44 1	25 0	37 5	37 5	41 2	39 5
ALL	100	100	100	100	100	100	100	100	100

$Chi^2 = 21\,516$, $p = 0.608$

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(which suggests that 8 per cent of reported innovation approximate to 'total' innovations) and Osborne's (1998) work on the personal social services. Where results were significant, they were concerned with the issue of organizational size and the propensity to innovate, something which is debated within the innovation studies literature. The findings of this work suggest that nearly all innovations take place in medium and large housing associations and, disproportionately, amongst the larger ones. The analysis also raises questions about the geographical bias of innovation towards particular regions and about the nature of partnerships and their predomination in expansionary innovations. Questions of size and geography would need to be addressed through primary research on the characteristics of innovative organizations, concerning the significance of variables such as professionalism, specialization, and functional differentiation (Damanpour 1991). Partnership questions would be explained using another innovation theory, this time concerned with the process of managing innovation (Van der Ven *et al.* 1999). Here, in-depth studies in organizations would seek to understand the processes of innovation initiation, development and implementation.

THE VALUE OF LITERATURE-BASED APPROACHES TO INNOVATION MEASUREMENT

The exploration of the LBIOI methodology indicates that it can play a role in public services research and management. It has been adapted to the public services sector by adopting Osborne's typology to classify innovation that allows it to be used amongst personal and human services innovations in addition to technical and product-based ones. This provides a clearer picture of non-product based innovation and enhances Coombs *et al.*'s (1996) classification system. Its usefulness as a research methodology and tool to describe innovation in a sector has been illustrated in our exploratory study of housing associations. This suggests that the technique 'captures' data that have some validity and reliability and provides explanation of the nature, location and extent of innovation in a public service sector.

There are however, a number of methodological issues that need to be recognized. In particular, the sources of literature used in studies would need to be fully described to ensure clarity about the use of reported innovations and to recognize the conspicuous use of innovation by public service organizations. Furthermore, this approach is not a substitute for primary research data on public service innovation – it can compliment or supplement them – to provide modest databases. However, at a time when public service organizations are ever increasingly researched, bibliographic techniques provide an alternative approach to data collection to build pictures of innovation activity in sectors. Critically, its main advantage is that it does not burden organizations with questionnaire completion. Being a technique to describe the nature of innovation in a sector, and not just describe the innovations (for example, Ferlie *et al.* 1984), it builds upon and

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develops work in this field. However, research on why some organizations are more innovative than others, the structural characteristics of innovators as identified by the Aston Measures, or the ways in which these organizations manage and develop innovation, would require additional primary research because they are associated with different innovation research perspectives.

Bearing these issues in mind, the approach could usefully be extended to other areas of public services to establish wider databases, longitudinal studies of innovation and to make comparisons between different sectors. The establishment of such data sets would also make it possible to begin to explore the relationship between innovation and performance in public service organizations and to track changes in the nature of innovations developed by public service organizations and the context within which they work. This would aid government and public service managers in their decision-making and wider public services innovation research.

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REVIEWS

LEADERSHIP IN WHITEHALL

Kevin Theakston

Palgrave Macmillan, 1999, 280 pp., £50 (hb)
Http://www.palgrave.com/catalogue/catalogue.asp?Title_Id = 0333749677

Leadership in Whitehall is a series of biographies of leading members of the British civil service over the last 150 years. It is part of the Transforming Government Series that grew from the ESRC Whitehall programme and it is a worthy addition to that series

Theakston asks what can be learnt from comparative biography, arguing that it has been underused and has the ability to provide as much insight as many of the more rigorous applications of the social science method Certainly his volume provides insight into the ways of his selected mandarins, but the comparative conclusion does little more than point to the skills and talents of his selected subjects, illustrate how diverse a group they were and how they took advantage of the opportunities that came their way. Indeed, the last section, on 'Change at the top', relies less on its own material and more on recent research to suggest how the mandarinate may have changed, it is not totally persuasive. It does not tell us about leadership, even if we learn much about some of the leaders.

Perhaps he should not have bothered too much, because the search for comparative lessons may detract from what is an excellent study of senior officials Theakston has chosen eight leaders to study. The two fathers of the civil service, Charles Trevelyan and Warren Fisher; the two archetypal mandarins, Edward Bridges and Norman Brook; the best-known female permanent head, Evelyn Sharp; the dominant figures of the 1970s and 1980s, William and Robert Armstrong, and finally two who might be regarded as mavericks as they did not readily fit the traditional stereotype, Otto Clarke and Derek Rayner. All but Sharp made their name at the centre of government, in the Treasury or the Cabinet Office, they were advisers. Even those who headed the Treasury did not regard themselves primarily as economic advisers. They were all concerned with the management of government and the process of managing the civil service. In that sense the book has a bias to a particular type of civil servant, not those who managed services but those who sought to manage ministers They may have been the more interesting.

They were a strange group indeed and few fit the traditional dull image, they all seem to have a slight capacity for mystery, for keeping other people off balance and unsure But they were all prodigious workers, capable of long hours and sharp advice. Some, like Trevelyan, Clark and Sharp, were enthusiasts; Bridges and Brook were that much more cool and elusive.

Where Theakston had access to the archives, the account is all the more impressive; where he has to rely on the public record for the later studies, the subjects do not come so readily to life, nor is their impact so clear. That of course is the benefit of well-kept files We can only

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wonder, in the age of the yellow labels and email, whether future studies will ever be as full and as searching without the benefit of the personal contribution of the actors.

But above all, the great quality of these studies is that, as Theakston hoped, reading about such figures is fun This was life in the civil service through the lens of a series of individuals. We learn much about the general from their experiences. Theakston has done his subjects proud, and that alone is an achievement.

Patrick Weller
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BUILDING EUROPE. THE CULTURAL POLITICS OF EUROPEAN INTEGRATION

Cris Shore
Routledge, 2000, 258 pp., £50.00 (hb), £15.99 (pb)

Despite indicating an emphasis on European integration more generally, *Building Europe* is foremost a book about the internal life of the European Commission. How supranational is it? Do Commission officials construct supranational loyalties? Does an *esprit de corps* emerge amongst EU decision makers? Ultimately, is it possible to observe the emergence of a European administrative and political elite? By studying individual Commission officials, *Building Europe* pictures the European Commission as a supranational entity. 'To a large extent, what happens inside the EU's bureaucracy and the kind of society being created there is the reality of European integration for its principal political actors' (p. 131). The book provides valuable insights into the actual functioning of the Commission, located as it is at the very heart of the Union. The book provides a rich body of empirical observations indicating how the Commission manages to socialize the individual civil servants into becoming genuine 'EU civil servants'. Hence, the book merits attention from scholars of European integration, organizational science and public administration. The following aspects are highlighted the theoretical debate on European integration, the main findings of the book, and the empirical data provided.

The book is written by a political anthropologist and is mainly an empirical journey into the inner life of the European Commission The book nevertheless addresses the theoretical debate in the study of European integration between neo-functionalism and intergovernmentalism. Shore argues that supranational and intergovernmental dynamics strive for space, attention and predominance within the Commission The empirical story told (cf. below) reveals that supranational dynamics exceed intergovernmental dynamics as conceived by the Commission officials. However, no thorough theoretical explanation is provided that renders the observed patterns intelligible This lack of theoretical explanation reflects the lack of thorough theoretical elaboration of the neo-functional and intergovernmental approaches to European integration. *Building Europe* is explicitly empirical, however, lacking an overall theoretical assessment of the relative explanatory potential of the neo-functionalist and intergovernmentalist accounts. Neither does the book address more recent analytical work on European integration Multi-level governance, institutionalism, epistemic communities and the like are not addressed What the book lacks theoretically, however, is compensated for by rich empirical analyses.

Shore emphasizes that 'there is a surprising dearth of academic or other study of the European Commission'. '[T]here has been little serious academic analysis of the Commission's complex and messy internal life' (p 127) Most studies of the Commission lack first-hand empirical data of the kind presented in *Building Europe*. Building on ethnographic studies within the Commission between 1993 and 1997, Shore is able to study the institutional identities, allegiances and role perceptions of individual Commission officials. Over one hundred formal interviews are combined with more informal conversations, meetings and exchanges.

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Primarily, *Building Europe* pictures Commission officials as supranational agents evincing supranational loyalties to the EU as a whole, to the DG to which they are affiliated, and to their task roles. Despite being a fairly young institution, the Commission does socialize its officials towards supranational identifications. 'Living and working in the EU does change you I've certainly become more federalist in my outlook I can see the process working on me' (p. 152). Shore observes that a 'community method' and an *ésprit de corps* emerge even amongst new recruits to the Commission *Building Europe* pictures the Commission as composed of administrative and political elites socialized into a 'cohesive "supranational" elite that sees itself as distinctly and transcendentally "European"' (p 148). Hence, the very cognitive maps and political psychology of Commission officials have changed Shore reaches a fairly strong conclusion. 'For these professional Europeans the EU has indeed displaced the nation-state as the focus of allegiance' (p 221) Parallel to the neo-functionalist account of Ernst Haas, Shore stresses that supranational identities tend to replace pre-established national identities, especially amongst senior Commission officials. As one Commission official stated, 'after a while you stop identifying people as "nationals"' (p. 181).

Accounting for the emergence of supranational loyalties, Shore sticks to social dimensions rather than to institutional and organizational factors. According to Shore, supranationalism reflects officials being in exile in Brussels, talking several non-native languages, often applying 'Euro-talk' or 'Commission speak', socializing with'other nationalities, and having very long working-days as well as living in 'EU-ghettos' in Brussels Hence, supranational loyalties merely reflect the social networks and interaction amongst Commission bureaucrats One could, however, also expect that supranational loyalties might reflect different institutional features of the Commission. the organizational structure of the Commission being largely sectoralized, the life-long careers of Commission officials, the intensity of interaction amongst fellow colleagues within the respective DGs, the different physical artefacts like the EU-flag in corridors and meeting-rooms at the Commission, and so on

Both supranational and intergovernmental dynamics constantly strive for space in different EU institutions, decision processes and issue areas Shore reveals that supranationalism does indeed dominate the organizational dynamics of the European Commission However, *Building Europe* goes beyond the Commission Eurocrats. Approaching the question of common identity and citizenship in Europe, Shore argues that 'EU civil servants are pioneers of "European consciousness" and "European identity"' (p 221) In sum, *Building Europe* provides a valuable empirical contribution to the study of European integration, as viewed by a political anthropologist

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ECONOMIC DECENTRALIZATION AND PUBLIC MANAGEMENT REFORM

Maureen Mackintosh and Rathin Roy (eds)
Edward Elgar, 1999, 296 pp., £55 (hb)

This edited volume fills two critical voids First, it provides a theoretical anchor for much of the institutional and management reforms associated with the new public management (NPM) movement. The authors make the case that new public management reforms are actually forms of economic decentralization (ED). They then advance a theory of economic decentralization to explain current efforts at implementing public management reforms in industrialized and developing countries This effort at theory is particularly important given the many criticisms that public finance theories have engendered The second major contribution of the book is

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empirical The collaborators use the experiences of different countries, industrialized and developing, to highlight some of the policy debates on the implementation of NPM-type reforms.

Unfortunately, much of what goes under the label of NPM has had little theoretical underpinning – even though substantial borrowing has been made from several theoretical perspectives – public finance, institutional economics and political economy. This book contributes to the theoretical and policy controversies raised by NPM reforms

The editors identify six forms of economic decentralization which they distinguish from political decentralization (PD) – what some other scholars refer to as democratic or devolutionary decentralization (DD) In this way, they attempt to separate ED, which is the concern of the book, from much of the preoccupation of economists with the economic analysis of fiscal decentralization from central to local government The book goes beyond 'market decentralization' (as a synonym for privatization) to focus on new forms of managerial decentralization within the national level government – rather than decentralization to local governments as sub-government entities or even to field administrations. DD is thus not seriously discussed in this book nor are there case studies to illustrate problems raised by this form of decentralization.

Five forms of ED are given prominence, both in the thematic discussions and, especially, in the case studies. These are. decentralization of public sector decision-making to executive agencies, mixed public/private funding or joint ventures, contracting out, privatization and the decentralization of foreign aid to support private sector development.

The book makes four key theoretical contributions. First, Roy develops a strong case for the substitution of the two neoclassical public finance theories of economic decentralization, namely fiscal federalism and public choice theory (PCT), by a political economy theory of entitlements and political settlement He argues that the former two neoclassical public finance theories are inadequate to explain or predict decentralization within the state. Both of these mainstream economic approaches deploy 'extremely rudimentary notions of state intervention and state-citizen interaction' (p 31). He thinks that this is a limited base on which to construct a theory and proposes an alternative framework and theory In this framework, state economic activity allocates 'rights over resources to achieve a given set of objectives subject to political and economic constraints'. Decentralization becomes an attempt to use public policy to maintain or change a prevailing political settlement. The theory of economic decentralization is thus fundamentally political, hence the preference for a political economy approach. A policy of decentralization must accord with what is politically acceptable in a polity, that is, reflect the reality of the political settlement in that country or organization. This is because decentralization imposes costs as much as it distributes benefits.

A second theoretical exploration relates to how the state manages to achieve its goals in a decentralized context in which several other institutional actors are engaged in the production of public services. Here, Premchand discusses the theoretical and pragmatic implications of public and private partnerships for public expenditure management. How can the state contain costs and yet improve access and quality of services for all citizen-consumers? The answer to this question takes the matter beyond privatization to an exploration of the relationships between public organizations and private for profit and not-for profit organizations – in the production of both public and private goods. It also covers the implications of public-private partnerships and privatization for the regulatory role of the state. Government's role at each level of the budget process has changed from being a sole provider to include four additional roles: as buyer of services, as funding agency, as a coordinator and most importantly as a regulator ED transforms the budgetary processes – from planning to evaluation – the growing dependency of the public sector on the private and non-governmental agencies, often making the distinction between public and private agencies nebulous (p 56) This blurring of the state and non-state and of public-private distinctions, raises one of the most vexed issues from a management point of view, of all forms of decentralization – namely the principal-agent problem. Premchand, for instance, discusses the implication of the new roles of the state for the programme evaluation function He comes up with a set of criteria which must guide such

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evaluation if it is to succeed in determining whether programme objectives are met and value for money is realized (pp. 72–3).

This sets the stage for the third main theoretical contribution of the book – the implications of NPM for rethinking current approaches to regulation of public services. Mackintosh provides a well-rounded and thoughtful examination here A principal tenet of NPM reform is deregulation. On the other hand, governments must retain the responsibility for ensuring minimal standards for services, and the only way to resolve the principal-agent problem, whether between the central government or parastatals, local governments, private sector and not-for profit organizations and management agencies, is the creation of an effective regulatory regime. While the regulation of private sector organs are already well formulated in the theoretical literature, Mackintosh shows that the literature on the regulation of public services is not only thin but also grossly inadequate and even counterproductive. Regulation is traditionally conceived as the development of rules by the principal, who protects public interests, and the use of incentives encapsulated by the principal in contracts to ensure the agent behaves in accordance with the public interests.

The literature highlights two major types of problem. First, agencies created to police and enforce regulation may become captured by those they are expected to regulate Alternatively, such regulatory agencies may become overly confrontational. A second general type of problem confronting regulation arises from the information asymmetry between the principal and the agent, something which Mackintosh sees as particularly serious in the social services. Since the asymmetry is in favour of the providers (agents), the cost of processing and monitoring contracts becomes prohibitive. This is further compounded by the high levels of uncertainty in the industry Mackintosh argues that what is needed as an alternative is a cooperative approach to regulation which allows the use of formal and informal regulatory mechanisms that rest on the assumption that mutual regulation rather than the principal-agent model is required The emphasis here is on cooperation in the fixing and maintenance of professional norms rather than contract

The final theoretical contribution comes from Marc Wuyts He argues that decentralized aid management impacts on the informal and formal economies differentially. He amplifies points made in his earlier analysis of donor enclaves – (Wuyts 1996) – what Polidano *et al* 1998 refers to as 'agencification' on recipient countries' public sectors Revenue and customs agencies independent of rigid civil service strictures have witnessed massive increases in morale and revenues in many developing countries. But there are also negative consequences – lowering morale in the rest of the public service and weakening interest in wholesale public sector reform.

There is not enough space here to fully discuss the book's contributions to policy debates on NPM reforms through its reported case studies The key points that emerge from the cases and their relevance to controversies on NPM as forms of economic decentralization are highlighted below.

First, structural adjustment loans (SAL) as well as aid, provide much-needed additional resources, especially for implementing reforms in developing countries. On the other hand, while SAL brought in additional resources to the Jamaican economy it also weakened critical institutions of domestic accountability while increasing accountability to external actors – ISIs and donors. In Tanzania, additional resources through SAL brought about positive changes in the informal sector in Tanzania but it undermined the formal sector as more people sought incomes in the informal sector – often at the expense of their formal jobs (via moonlighting, multiple jobs, etc.) In Kerala, resources from the national government, like aid flows, led to a degeneration of the preventive health systems but had a positive effect on allocative curative care. Perhaps the most insightful finding is how privatization of a public enterprise in Bangladesh failed to lead to improved accountability and performance as predicted by the protagonists of NPM.

Second, the discussions on the failure of regulation in the water industry in the UK agree with many other studies which point to the fact that state regulatory roles increase with economic decentralization and that regulation is both difficult and costly. If an industrialized

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country (UK) had problems regulating its water industry what prospects are there that poor, under-resourced countries would be able to erect effective regulatory regimes which are costly both in economic and political terms?

On the whole, the book is a down-to-earth attempt to interpret NPM reforms as forms of economic decentralization and then to analyse the positive and negative issues raised by NPM-type reforms in all countries It is recommended for students of public sector management

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PERFORMANCE OR COMPLIANCE? PERFORMANCE AUDIT AND PUBLIC MANAGEMENT IN FIVE COUNTRIES

Christopher Pollitt, Xavier Girre, Jeremy Lonsdale, Robert Mul, Hilkka Summa and Marit Waerness
Oxford University Press, 1999, 248 pp. + preface, £40 (hb)

State audit has been an activity of high democratic significance for many centuries and most Supreme Audit Institutions (SAIs) can be found near the heart of the state apparatus in their respective countries Relative to the ancient origins of audit, performance audit is a very recent development It extends beyond examining the regularity of expenditure and validity of accounts to, as the text states. 'assessing whether government policies, programmes and institutions are well managed and are being run economically, efficiently and effectively' The emergence of performance audit since the late 1970s coincides with programmes of extensive public management reform throughout the world and it seems highly probable that there is a connection between the two phenomena Despite its democratic significance and the attention given to public management reforms, however, there is dearth of independent scholarly analysis of performance audit or its relationship with wider public sector reforms. It is this gap in the literature which this book seeks to fill

The book has six authors and covers five countries which have constitutionally different formats· France, Finland, Sweden, The Netherlands, and the UK. Each of the authors has been a public servant at some point in their career and is an accomplished writer, beyond that, they have a usefully diverse range of experience in a variety of countries Although different authors have taken responsibility for different chapters, this is not an edited collection of essays but a coherent, logically structured whole based on a joint research project. Neither have the various SAIs been described in separate chapters, instead, observations about them have been integrated into the discussion of the themes underpinning each chapter – generic themes which have significance beyond the particular countries described in this book For those wanting to know more about the structure and history of individual SAIs, and their development of performance audit, some interesting appendixes are supplied

The introductory chapters provide definitions and a framework for thinking about performance audit, then describe the changing context of public management reforms in the five countries. Readers will probably find useful the explanations of performance audit in relation to traditional financial audit on the one hand, and programme and policy evaluation on the other. Following the description of the changing public management context, Christopher Pollitt examines the influence of public management reforms on performance audit (and vice versa)

The dynamics of this lively and important management-audit interface are explored in detail in Chapters 5 to 10. These chapters adopt an underlying view of performance auditing as an input–output production process (although the authors acknowledge that this is far from being the only legitimate perspective), with each chapter covering a stage in the audit process Together they provide insights into the performance audit process which have seldom been revealed to the outside world.

Chapter 5 examines the choice of subjects under study (single organization or multi-organization audits, audits of substance or audits of systems, audits of ongoing activities or audits of projects). The criteria used by the various SAIs to form their judgements (economy, efficiency, effectiveness, good management practice, good governance, quality of service, goal attainment and others) are identified, compared and reflected on in Chapter 6

Chapter 7 considers the auditor's craft (what they do and what skills are required) while Chapter 8 looks at outputs or products of the audit process (performance audit reports and other forms of information). Marit Waemess notes a trend towards more public reports, a greater variety of information products for different audiences and improved format and presentation. SAIs too, it seems, have been caught up in the culture of needing to visibly demonstrate performance in the form of physical outputs and the chapter sounds a note of caution against becoming too narrowly 'product minded' or image-conscious. The relation between outputs themselves and actual impacts or effectiveness of performance audits is not necessarily clear and it is the question of impacts which is taken up in Chapter 10.

The final chapter by Christopher Pollitt summarizes the findings of previous chapters in relation to the authors' initial research questions and finishes with some speculations about the future of performance audit Particularly interesting is the discussion of identity and strategic choices. Pollitt argues that the period since the mid-1980s has been one in which the identity of performance audit has become better defined but that tensions and contradictions remain and will need to be managed as the environment for SAIs continues to change. One way of conceptualizing the tensions is to think in terms of four possible roles for performance auditors: as judges/magistrates, as public accountants, as researchers/scientists or as management consultants. Each of the four roles can be seen as incorporating a distinctive version of the 'truths' that performance auditors are seeking – compliance with law, transparency and accordance with accounting rules, scientific truth and explanation, or whatever is useful in helping clients improve their management. Each of the SAIs is positioned slightly differently in relation to these four poles and faces choices about directions in which to move. These choices are inextricably intertwined with choices about institutional arrangement, subject matter, methods, skills and criteria.

This book contains, in its 250 pages, a great deal of useful information and numerous insights Following what is probably good advice for performance audit reports, the authors have written in a focused and succinct fashion and included a clear explanation of their research methods. It is a book which should be added to the collection of anyone interested in New Public Management as it fills a substantial gap in that literature, it will be no surprise if this book encourages research on performance auditing in other countries. Performance auditors themselves are provided with an excellent means of viewing what they do in perspective. The book should also be read by anyone who needs to interact with performance auditors and understand their work – public servants, politicians, financial auditors, experts used by SAIs and the media. Performance audit is, after all, a valuable ingredient in the democratic process.

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SUBNATIONAL DEMOCRACY IN THE EUROPEAN UNION. CHALLENGES AND OPPORTUNITIES

John Loughlin (ed.)
Oxford University Press, 2001, 400 pp., £40 (hb)

It is today fairly common to start an overview of recent tendencies in the European Union (as well as in many other countries) by using words such as globalization, europeanization, regionalization, decentralization, democratization, marketization, deregulation, privatization

and individualization All these catchwords indicate that the nation-state is significantly transformed and that this transformation is a challenge to representative democracy. There is a growing literature about this transformation, but not so much has been written about the consequences for the practice of democracy at the subnational level.

Subnational democracy in the European Union makes an important contribution to filling this gap There are common tendencies in all 15 member states. It seems that there are most of all two overall driving forces affecting subnational democratic structures and processes. The first one contains factors related to the EU, such as the Single Market project, the single currency project and different EU policies concerning regional development. The second, which is somewhat interrelated to the overall EU-project, is the neoliberal ideology, which focuses on deregulation, marketization, privatization and individualization. However, these driving forces are more powerful in some countries than in others because of institutional-historical factors, historical political culture features and the different kinds of challenges countries have faced during the last 30 years

The book covers all 15 member states and contributors include John Loughlin (editor and author of 8 of the chapters), Eliseo Aja (the chapter on Spain), Udo Bullman (chapters on Germany and Austria), Frank Hendriks (chapters on The Netherlands, Luxembourgh and Belgium), Anders Lindstrom (chapters on Denmark, Finland and Sweden), and Daniel-L Seiler (co-author in the chapter on France)

All chapters are well balanced, covering the same areas: history and concept of democracy, the institutional expression of democracy, the practice of subnational democracy and challenges and opportunities for subnational democracy Because of the well-written introduction, the concluding chapters and the systematic organization of the chapters, the book is unusually comparative. It is also easy to follow the authors' line of thought throughout the book.

The first chapter contains a general framework for studying the development of regional and local democracy in European states by focusing on four different traditions (Anglo-Saxon, Germanic, French and Scandinavian) One of the most important points the chapter makes is that we should be careful when we transform analytical categories, such as 'governance' and 'policy networks', into continental European political systems from the Anglo-Saxon world (especially that of the USA), because of the different roles of the state and the administrative system.

The chapters that follow describe the development of regional and local democracy in all European countries. Each chapter starts with a brief historical review and than goes on to describe the institutional arrangements and the practice of subnational democracy at regional and local level What is especially interesting about the country reports is that they all cover the quite recent challenges and ongoing innovative approaches to improve subnational democracy.

The country reports are reasonably short, and that is both a strength and a weakness It is a strength because the authors are focused on the most important things. But it is also a weakness because some parts will necessarily be a bit superficial However, in general there is a good balance It might have been convenient if the authors had provided the reader with some useful web-site addresses where different information about, for example, the formal institutional structures of the political and administrative systems discussed could be found The term 'subnational' means different things in different countries. For example, in the Scandinavian countries it has a quite different meaning to that in Spain, Portugal or Ireland In Spain, subnational units are regions rather than smaller territorial units In Sweden there are 289 municipalities and in France there are 30 000, and so on The particular institutional arrangements in each country are quite well described.

There are many interesting additional things to find in the chapters: for example, it is a quite well established fact that the EU suffers from democratic deficit, but there are cases where EU regional policies are stimulating the development towards a regional democratization, for example, in Portugal, Greece and Ireland. An interesting example of differences is that in some countries local political culture is characterized by consensus orientation and in others by strong leadership orientation. In the chapter on Greece the author (Loughlin) finds

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that there are at least two different interpretations of the history of local democracy in modern Greece, one more benign than the other. It seems that it is only in Greece where these different myths of local democracy are obvious, although it is my belief that there are more or less different interpretations of the historical role of local democracy in all countries.

The role of political parties at the local level differs In some countries, such as the Scandinavian countries, they are predominant, but in most southern EU countries local politics are more oriented towards individual politicians The book looks at different innovations in order to enhance local (or regional) democracy and here there are also interesting differences: such as focus on creating a strong leadership (Italy) or on general citizen participation such as direct democracy (Germany)

Beyond these details and the differences there are some similarities. One striking similarity between the systems of local government in the 15 countries is the general decrease in local turnout and dissatisfaction among citizens concerning local democracy and services. On the other hand, in nearly all countries there are more or less innovative approaches towards a vitalization of local democracy. I suggest that the next comparative book on subnational democracy in the EU should focus on these innovations, which are of different kinds, in order to explain why they differ and their impacts on citizen participation and confidence.

In sum I find the book to be both very interesting and very useful as a text for courses on comparative politics and administration.

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POLITICS, GOVERNANCE AND TECHNOLOGY: A POSTMODERN NARRATIVE ON THE VIRTUAL STATE (VIRTUELE STAAT, POLITIEK, BESTUUR, TECHNOLOGIE)

P.H.A. Frissen, trans. Chris Emery
Edward Elgar, 1999, 299 pp, £56.95 (hb)

Given the strong impetus within the social sciences in general and public administration in particular towards articles and edited collections – many of which do little more than survey existing academic and practitioner territory before adding a modicum of new information – it is refreshing that Edward Elgar has begun publishing a series which includes a number of monographs. Moreover, the series has brought to the UK work by European academics that is not readily available in English. The book reviewed here is such a work. Paul Frissen, Professor of Public Administration at the University of Tilburg, offers an extended treatise on the changing role of public administration in an era in which politics and society, and the narratives used to understand them, are becoming fragmented, as well as on the ways in which Information and Communication Technologies (ICTs) both aid and abet and reflect this fragmentation.

This volume is a translation of a work first published in Dutch, and this has a number of consequences for the reader. First, a huge percentage of the bibliography, over 50 per cent, refers to books published in Dutch, and there is no indication which, if any, have been translated into English This will handicap the typical UK reader's ability to follow up and contextualize points in the text, but it will not necessarily affect his or her understanding of its core arguments. More problematic is the decision to leave extensive quotations in the text from Dutch secondary sources in their original. (There are, for example, two on page 241.) Whereas it is nice to see publishers taking a sophisticated view of their readers' linguistic capacity, Dutch is unlikely to be within the repertoire of the typical British or North American academic.

A related point concerns the author's choice of material to illuminate his text. The book

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offers both a theoretical and a research-based appraisal of his subject In the case of the latter, Professor Frissen draws largely from work done in The Netherlands The chapter on politics, for example, discusses Dutch partisan de-alignment, the Scheltema Commission on effective ministries, the De Koning Commission on the relationship between the electorate and its representatives, the Wiegel Commission on core departments, and so on. This emphasis, however, does not restrict the book for the UK reader in the way that it might. The material is used in such a way that it does not need further elucidation, and it is striking how far the description of the Dutch experience of public administration over the last decade or so, in areas as diverse as the changing structure of the bureaucracy and arguments about communitarianism, mirrors that of the UK.

Whether the reader accepts the book's general conclusions will depend largely on his or her disposition towards post-modernism. It remains unclear, for example, whether the social and political uncertainties and ambiguities on which post-modern public administration would appear to be based reflect an ingrained facet of contemporary life, or merely the inability of the current generation of political scientists to understand them· whether grand narratives have become impossible *per se* or have merely disappeared temporarily from sight. However, those who find off-putting the complexity and occasional impenetrability of the language of post-modernism used here with considerable rigour by the author (the former colleague of mine who translated the text must have faced a formidable task), or who reject the author's post-modernist framework, may still find themselves in agreement with his analysis on the impact of ICTs on public organization.

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POLITICAL DECISIONS AND AGENCY PERFORMANCE

René Torenvlied
Kluwer Academic, 2000, 292 pp., £83 (hb)

Let me start out by saying that this book by René Torenvlied at Utrecht University is a highly advanced piece of academic work. The author masters both theoretical and empirical analysis and he has achieved a marvellous combination of the two in this volume. I would recommend this book to any graduate student who wishes to penetrate deeply into the variety of public policy implementation models as well as to students who would like to see an example of how one mixes theoretical concepts with the conduct of empirical analysis according to its quantitative mood.

Torenvlied examines policy implementation in three local authorities in The Netherlands. He measures the extent of congruence between decision intention and actual policy implementation. Thus his study deals with the problem of the implementation gap forcefully identified in the classic Pressman and Wildawsky book of 1974. The author uses very strong quantitative methods to study whether there is a systematic tendency towards a huge implementation gap in the field of social renewal policy making What kinds of policies are we talking about?

The set of renewal policies targets social communities or neighbourhoods and they comprise on the one hand improvements in all forms of housing and on the other hand they target the living situation of clienteles of people who rely upon social work programmes The measures include both physical improvements and self-management experiments. One may mention as examples in other countries the neighbourhood rehabilitation efforts in the UK and the revitalization project of the London Docklands or the programme concerning children's rights in the West Bank and Gaza strip What social renewal involves is the improvement of the local environment in a number of ways, for example, in relation to the long-term unemployed but also the quality and efficiency of local authority services in general.

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'Social renewal' policies sound like fad and fashion. The Dutch experiment shows that this was mainly a flash policy attracting immense interest at the beginning, and including lots of citizen participation in service deliveries, only to be deserted rather, rapidly later on When the attention of the Dutch government decreased, the national press concluded that the policy of social renewal had been abandoned However, Dutch local governments continued the policy and the enquiry of Torenvlied is about the experiences in three Dutch local authorities. His main finding is that bureaucracies are loyal to their masters.

The author calls his cases 'policy performances' and states that they all enter social renewal policy-making in the town of Weststellingswerf (housing improvements, road reconstruction, self-management), Groningen (merger of social services, neighbourhood platforms) and Arnhem (neighbourhood oriented work and citizen activities). To succeed in measuring the implementation gap, Torenvlied carried out empirical observations on two independent entities: political decision *ex ante* and agency performance *ex post*. The author also employed two measurement periods in collecting data about his cases.

My only objection to this extremely carefully conducted enquiry is that the author may not have fully understood the implications of his findings. If it is true that within such an ill-structured policy area as social renewal there is such a small implementation gap, then maybe we can draw the conclusion that the general problem of implementation is not as severe as we have been led, since the 1970s, to believe I believe that this book should be contrasted with the Pressman and Wildawsky study, as they really give two entirely different pictures of the process of policy implementation. Perhaps the time has come to re-open the top-down implementation model and put some new wine into that bottle?

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MAKING SOCIAL SCIENCE MATTER: WHY SOCIAL INQUIRY FAILS AND HOW IT CAN SUCCEED AGAIN

Bent Flyvbjerg
Cambridge University Press, 2001, 216 pp., £13.95 (pb)

Social science is different because it entails the reflexive analysis of values and power, according to Flyvbjerg. It has never been able, and probably never will be able, to develop explanatory and predictive theory in the way that natural science aspires to. Why is it that social science cannot become a normal science?

> [W]hile context is central for defining what counts as an action, context must nevertheless be excluded in a theory in order for it to be a theory at all It is this contradiction which punctures the aspirations of the social sciences to become normal sciences in the Kuhnian sense (p. 42)

Particularities, and not primarily the generalities, are what matter at any given moment in the social world. Context and actual situations contain surprises and contingencies that are not programmable Context and judgement are always part of the picture, irreducibly central to understanding human action.

There is no need, then, for the emphasis on theory that science has nurtured and aspired to. There is no point in distancing oneself from context There is no point in objectivity if context and contingency are the stuff of lived experience Lived experience, for Flvybjerg (and people like myself who agree with him), is less a theoretical matter than a historical context that projects itself into the next moment in anticipation of new intentions and new projects. This is where Flvybjerg interjects *phronesis*, an Aristotelian term Aristotle contrasted it with

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techne and *episteme* Episteme is scientific knowledge – universal, invariable, and independent of context – based on general analytical rationality. *Techne* entails those arts and crafts that are oriented towards production and is based on instrumental rationality. *Phronesis* is oriented towards action It is deliberative, pragmatic, value-rational, and context-dependent; it is about value judgement rather than about producing things

Flvybjerg laments the neglect of *phronesis* in modern science, and urges more emphasis on the concrete, the practical and the ethical. Public administration (along with political science and sociology) cannot be practiced as *episteme*. Particular circumstances, rather then universalisms, ground these practical and deliberative disciplines This is the peculiar strength of the social sciences – and policy inquiry and public administration in particular. Questions like 'What should we do next?' belong to *phronesis*

There are implications in all of this for the conduct of inquiry, of course 'While a case study *can* be used in the preliminary stages of an investigation to generate hypotheses, it is misleading to see the case study as a pilot method to be used only in preparing the real study's larger tests, systematic hypotheses testing, and theory building', writes Flyvbjerg (p 66). Contesting the 'black swan' view of case study research, Flyvbjerg (p. 73) further claims that

> Predictive theories and universals cannot be found in the study of human affairs. Concrete, context-dependent knowledge is therefore more valuable than the vain search for predictive theories and universals

The work of Nietzsche, Foucault, Machiavelli and Habermas all inform Flyvbjerg's earlier investigation of *Rationality and Power*, published in 1998. In this book, Flyvbjerg continues some of that conversation In his discussion of the 'Nietzschean democrat', he wrote that both Foucault and Habermas agree that in politics one must 'side with reason' But Foucault warns that treating rationalism as an ideal could constitute a sort of blackmail that prevents analysis of the rationalities really at work. Hence, historical investigation, rather than universal structures, should guide the search for rationalities Agreeing with Foucault, Flyvbjerg believes that the political task is to criticize the workings of institutions – workings that appear to be both neutral and independent The political violence that has always exercised itself through them should be unmasked and opposed. Hence, neutrality is an integral part of the mask

With intentions and projects informing context and contingency, the value of neutrality in research is placed on the chopping block. Flyvbjerg (2001) is explicit about the close interaction between practical affairs and research. He relates how he came upon the theory (what I would call an interpretation or narrative story) that the Chamber of Industry and Commerce in Aalborg, Denmark, was trying illegitimately to influence municipal policy (specifically the so-called Aalborg Project) in the direction of more accommodation of automobile traffic Flyvbjerg was an activist-researcher with respect to the Aalborg Project His complaint was like the programme evaluators' usual complaint· even though the project was specifically aimed at reducing traffic accidents for cyclists by 30–40 per cent, several years after implementation of the project the number of such traffic accidents had actually increased. They were not monitoring the project, he complained

> I also showed how the increase in accidents was caused by city officials allowing the rationality of the Chamber of Industry and Commerce to slowly, surely, and one-sidedly, influence and undermine the rationality of the Aalborg Project as explained above (p. 157)

(Having myself recently spent five months in Copenhagen, I would like data on how often these bicycle accidents were instances of pedestrians being mowed down by cyclists)

Here we have a researcher, committed to his own narrative (ironically, the very same rationalistic narrative used by programme evaluators), who becomes a political activist in support of his own political programme Flyvbjerg goes on to propose that the city's elected governing body create planning panels that would be active in decision-making, policy design and policy implementation Flyvbjerg himself was invited to become a planning panel member His response to the invitation is instructive Did he express any qualms about the now total intertwining of the research role and the policy-actor role? None whatsoever 'I wanted to

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move from local issues to national and international ones, and from small projects to very big and very expensive ones' (ibid). His apparent concern, then, was to become bigger and more powerful

Now, here we have a researcher whose will to power (or, more generously, whose will to large-scale public service) competes with his will to scholarship. He goes on to say: 'Triumphing over 300 nominees from all over the European Union, Aalborg received the prize' for policy and planning innovation (p 161) The researcher has nearly obliterated the boundary between scholarship and action.

Though the choice of topic was astute, there are too a good many irritants, some of them almost irrelevant to the book's thesis For example, because Flyvbjerg apparently thinks that Habermas is the only discourse theorist worth mentioning, he categorizes discourse with all other abstract universalisms as being detached and consensus-dependent. This leaves him in a discourse that cannot make use of the word discourse, and so he awkwardly uses the phrase: 'deliberation about particular affairs aimed at praxis' (p. 111). His tendency to conflate discourse with detachment and consensus-building betrays a too-narrow definition of the term discourse.

In addition, Flyvbjerg seems to have decided that contingency and context obviate the need for theory. It seems to me that one must carry a narrow definition of theory to think this is true. Theory is a term that is not wholly owned by positivist social science In interpretive approaches to knowledge building, for example, theory is narrative. His own book puts forth a theory, a very interesting one at that

At its most profound, the book is trying to make the point that practice and the experience of social life must take priority over abstract universals. It is extremely important that Flyvbjerg is heard on this count. The kernel of this insight is captured in his report on the Habermas–Foucault debate, in which the importance of practice is emphasized:

> Habermas approaches regulation from a universalistic theory of discourse, Foucault seeks out a genealogical understanding of actual power relations in specific contexts Foucault is oriented toward *phronesis*, whereas Habermas's orientation is toward *episteme*. For Foucault praxis and freedom are derived not from universals or theories. Freedom *is* a practice, and its ideal is not a utopian absence of power. Resistance, struggle, and conflict, in contrast to consensus, are for Foucault the most solid bases for the practice of freedom. (p. 102)

Suppressing conflict, therefore, is suppressing the practice of freedom Public life that is practical, committed and potentially conflictual is better than public life that lacks these qualities Within this public life, the goal of *phronetic* research would be to produce a public discourse for a society This discourse would be ongoing and practical Unequivocal, universal knowledge is highly overrated.

This is the way to make social science matter. Instead of being a loser in the Science Wars, we in the social sciences should stop trying to emulate natural science. We should investigate questions that matter to the communities we live in. We should communicate our research projects directly to those same communities. Bent Flyvbjerg has tried mightily to bring *phronesis* into social science, and with a good measure of success This important book should be on the bookshelves of anyone concerned about epistemology and social science research.

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THE GOVERNANCE OF SCHOOLING. COMPARATIVE STUDIES OF DEVOLVED SCHOOLING

M. Arnott and C. Raab (eds)
Routledge, 2000, 220 pp., £55 (hb), £18.99 (pb)

In the 1980s and 1990s, the administrative structures of schools in many countries were reformed. In different countries reforms go by various names, but reform ambitions are relatively similar: to strengthen the importance of the individual school and its local environment. The central question posed in this edited volume is how these New Public Management types of reform have affected schools. This is studied in the different countries within the United Kingdom (England, Scotland, Wales and Northern Ireland) as well as in the USA, New Zealand and Denmark.

The book lacks a 'summary' chapter, but my overall impression from reading the different chapters is that reform *has* affected schools. However, so far, the significance of this change is limited and nowhere near the far-reaching ambitions of the reformers. In many ways the general story is well known from the general literature on public sector reform. Although not very original in its general conclusions, the book provides the reader with a lot of interesting information on education systems and their reform. For a reader like myself, from outside the UK, it has been particularly interesting to learn just how different the administrative structures of schools are, particularly in England and Scotland (see the four chapters in part one of the volume). The book also highlights how resilient institutions such as schools are. Politicians can change rules, but practices tend to linger on.

In common with many other edited books, there is no general framework that makes it possible to compare the information in one chapter (for one country) with the data from another. Thus, in spite of the title, the book is not particularly comparative, although a few chapters fulfil this criterion. The major value of the book lies rather in the different constituent parts than in the whole. The overall structure of the volume is hard to discern, at least for this reader. The editors, in their introduction, provide a very short comparison of reform within the different parts of the United Kingdom – but they leave out the USA, New Zealand and Denmark. It is also puzzling that these last two countries do not figure at all in the abstract, either on the first page or at the back of the book.

There is nothing wrong with these particular chapters themselves, however. Christensen's article on Denmark, for example, is a nice study of how a certain set of ideas for reform can lead to very different legislative changes for different types of schools because of their different institutional legacies. Wohlstetter and Bender Sebring's study of school-based management in the USA should also be mentioned. It identifies the conditions for successful implementation within a decentralized system. This is particularly important as it emphasizes that this type of reform may produce very different results in different schools. Furthermore, these two examples illustrate how different the chapters are: some focus on how common reform ideas are transformed into varied legislation and others focus rather on the effects of reform on local school government or educational performance.

To sum up, the book is mainly of interest to those particularly interested in reform of administrative structures in education in the United Kingdom. They will find a lot of very up-to-date information on the current situation. The principal drawback of the book is its lack of coherence.

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THE MODERN STATE AND ITS STUDY. NEW ADMINISTRATIVE SCIENCES IN A CHANGING EUROPE AND UNITED STATES

Walter J.M. Kickert and Richard J. Stillman, II (eds)
Edward Elgar, 2000, 277 pp., £55 (hb)

According to the editors, the fundamental question asked throughout this book is: (1) 'what is the relation between the changes in states and their public administration, on the one hand; and (2) developments in the sciences of administration, within the respective nations, on the other?' It is in my view an important and challenging question; it is also a very difficult one to answer, in both theoretical and empirical terms. While this collection of essays makes some headway it also illustrates some problems and pitfalls in this kind of enterprise.

The book consists of twelve chapters, nine of which discuss one or a few countries. The countries included are four 'large European countries': France, Germany, Spain and the United Kingdom; five 'smaller continental European countries': The Netherlands, Switzerland and the Scandinavian countries, three 'central and east European countries': The Czech Republic, Hungary and Poland, and, finally, the United States. As in all collections of this sort, the authors vary in their ambition and ability to answer 'the fundamental question' cited above. The period covered also varies. Some chapters (for example those on France and Germany) are very ambitious in tracing both state and 'scientific' developments over centuries while others (for example the chapters on Scandinavia, Spain and the United Kingdom) are better characterized as surveys of very recent developments. It should also be noted that the more general discussions in the two first chapters and the concluding one are, as far as early European developments go, heavily oriented towards what occurred chiefly in Germany and France, and thus to some extent misrepresent developments in the rest of Europe.

The terminology, as the editors note, presents a problem. 'Administrative sciences' is an accepted name for this field of knowledge only in a few countries, mainly those in the European continent (including, for example, Finland but excluding the other Nordic countries). To Anglo-Saxon authors, but also many others, 'Public Administration', and corresponding terms in other languages, seems more appropriate. However, behind this and other terminological variations lurk, I believe, a more serious analytical issue. As long as your aim is chiefly to make an inventory and produce a basic historical narrative of the developments of 'the study of the state and its public administration', a composite concept like the one used in the book will probably suffice. But if your aim is to establish specific causal links between basic properties of the state and knowledge developments with regard to that state in greatly varying time periods and several different national contexts, the conceptual demands are considerable. Thirty years or more of social science research on knowledge utilization in public policy making testifies to the many and varied difficulties involved. Knowledge creeps into practice in varying and sometimes mysterious ways. Very often in this kind of research it turns out to be an almost impossible task to assess with any precision the impact of knowledge on practice – and vice versa.

While the various country (or regional) chapters provide detailed accounts of how an important field of intellectual endeavour has developed, and also no doubt establish in most cases and for most periods clear patterns of resemblance between the properties of the state and the current developments of 'the study of the state', they rarely provide insights into how specific processes and mechanisms have brought about such parallel developments. I would suspect – partly based on my own research as well as that of others on Sweden – that, at least in many instances, these results stem from the conceptual difficulties mentioned earlier Put differently, if the field of 'administrative sciences' is defined so as to include almost all systematic, documented thinking about the state and its public administration then we should not be surprised that there is a considerable 'co-variation' between the two phenomena. There is no doubt, however, that this book provides many interesting and valuable accounts upon

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which future efforts at explaining the fascinating interplay between the state and the knowledge about that state might build

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URBAN POLICY AND POLITICS IN BRITAIN

Dilys M. Hill
Palgrave, 2000, 254 pp., £42.50 (hb), £14.50 (pb)

Professor Hill is among Britain's best-known contributors to the field of urban politics This, her latest book, is published in Palgrave's Contemporary Political Studies series. It is refreshing up to date in its treatment, good coverage of post-war urban issues providing a firm foundation for a detailed exposition of developments under the present Labour government. Unlike most of the pre-existing literature on urban affairs, this treatment relates policy firmly to the context of urban political life and democratic participation.

Key themes hold the book together The first is the policy framework as it is set by UK central and local government and the European Union. The second relates to public involvement in local politics, while the third focuses on such issues as social exclusion, economic regeneration and the improvement of urban public services The final theme deals with New Labour's 'modernization' agenda, which aims to revive our flagging local democracy. Taken as a whole, this makes for an elegantly structured book, one that compensates for others' often partial and fragmented treatment of the subject

Professor Hill's treatment of the urban condition since 1945 is one which rightly stresses cities as dynamic, and not static, entities. It is a perspective from which the traditional planning system seems cumbersome and inflexible. Despite this, policy has been innovative and creative, and the older cores of cities have proved themselves to be the sites of fruitful, if limited, experimentation While earlier Labour governments discovered the 'inner-city problem', it was Conservatives who sought to broker community initiative and private investment, seeing public action as too limited New Labour has carried forward much of their predecessors' approach, relying on a mix of public, private and voluntary action

Urban policy has been notable for the extent to which it has been driven by competing ideas and perspectives on cities' growth dynamics. Policy development can be seen as one analysis succeeding another. Equally, urban policy is characterized by sharp controversy over the causes and consequences of – and the cures for – urban decline Hill captures these debates effectively and presents a succinct guide to their conceptual nuances. The more immediate value of the book, however, lies in the institutional and policy analysis pervading the chapters that follow. Local, central and European institutions are seen as working together, sometimes well, sometimes not, to direct resources to areas of urban need. Those governmental structures and the processes that infuse them are a vital part of the picture within which complex and long-term social problems emerge and are tackled in the cities.

Equally, though, the people of cities themselves have a part to play through local action, whether this is through statutory or other formal channels or not. There are few better placed than Professor Hill to deal with these questions of popular participation in local affairs 'Democracy for all' is how she sees the state of local participation in the present era of modernization. No one disputes that the present state of local democracy is unsatisfactory. One of the distinctive features of New Labour's project has been to attempt to reverse what it sees as the long-term decline in the quality of local democracy by radical new initiatives Reforming the decision-making structures of local authorities, opening them up to greater public involvement and scrutiny and – above all – renewing community leadership through the device of

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the directly elected mayor are the foremost concerns of New Labour's modernization programme. So far as is possible, an up-to-date account has been provided here; the future of these initiatives after all is still uncertain.

What remains, however, are the people of the city and the problems they experience. At the end of the day, the test of any urban political regime is its ability to address those problems successfully. The challenge is indeed one of 'reversing decline and improving services' But a long-term perspective leaves one sceptical of the ability of this particular tranche of urban initiatives to solve the fundamental problems where others have failed. Professor Hill's tone is optimistic. But one does not need to be an enthusiast for current reforms to recognize the value of this lucid and information-packed book. It is timely, topical and well presented. It will appeal equally to students, practitioners and policy makers alike, and any reader of this book can expect to gain a good grasp of the stakes and issues that confront local democracy today.

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THE TREASURY AND PUBLIC POLICY 1906–1959

G.C. Peden
Oxford University Press, 2000, 581 pp., £65 (hb)

The UK Treasury is central to any study of British public administration although, in what some may consider a typically enthusiastic response to innovation, the head of its Establishment Division informed the founders of the Royal Institute of Public Administration in 1922 that 'for the most part civil servants have no concern with Administration'. It should also, as George Peden correctly argues, be central to any analysis of public policy. Remarkably, there has previously been no detailed institutional history and so this book fills a very important gap in the literature.

It is, in many respects, a gap well filled. The period as a whole is broken into seven subsections and for each there is an analysis of personalities and organization (including the nature of economic advice); financial and economic policy, the control of public expenditure, particularly in relation to defence and social policy; and, for the early years at least, the Treasury's relationship with Whitehall. This format retains a sense of historical context while permitting particular themes to be followed throughout the period There are the additional advantages of historical perspective and an overview of public policy. In the light of officials' latent contempt for Parliament, made explicit in their working papers on the 1959–61 Plowden Committee, it is instructive to see that the legislative basis for Treasury control was laid by Gladstone in order to increase 'the authority of the House of Commons over the executive' Equally, it is important to note that the exceptional centralization of power in the Treasury was achieved by Sir Warren Fisher after 1919 in direct opposition to the original proposal of Sir John Bradbury that responsibility for finance, expenditure control and the civil service should remain separate. That would certainly have kept Britain in line with international practice, as well as ensuring that financial policy remained in the hands of specialists (which, to its detriment after 1945, it did not) An appreciation of the Treasury's concern with public policy as a whole, so the author claims, also provides a necessary antidote to the special pleading of historians (of whom, in my zealous youthful guise, I am singled out) interested only in one component part

These are all achievements from which the succeeding two major criticisms should not detract. Nevertheless the lasting impression is that, although this book will remain an essential reference work for future historians and policy analysts, many of its judgements in relation

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both to the inner workings of the Treasury and its impact on public policy will be subject to considerable revision.

The first, surprising, criticism relates to the range of empirical evidence It is not clear how far into the voluminous Treasury records the author has penetrated The portraits, for example, of ministers and officials are drawn almost exclusively from published work and are not illuminated by the unguarded asides and admissions that pepper the 'lower level' files, when policy is still malleable. There also appear to be omissions such as the working papers of the Plowden Committee which are important not just because of their retrospective views of post-war Whitehall but because, in a typical prime-ministerial play by Macmillan, the Treasury's leading critic (Sir Frank Lee) was made Permanent Secretary – and immediately ushered in, as research on the ESRC Whitehall programme has shown, a period of great distinction for the Treasury Moreover, the biographer of an institution, as of a person, has to stand outside their subject if balanced judgements on, for example, the outcome of policy are to be achieved. Major archives such as those of Tom Jones, which provide an exhaustive commentary from outside the Treasury of interwar policy-making and the major debate during the Second World War on the Treasury's future role, have apparently been overlooked.

The second criticism of the book is that it does read rather like the case for the defence; and indeed the author's style replicates many of the weaknesses (as well as the strengths) of a Treasury minute of the time Comparisons with Europe, for example, and any engagement with political science are eschewed (except for a quick, and in my opinion, effective demolition of public choice theory). This inevitably narrows the analysis and makes the conclusions less penetrating Analysis instead is based on 'common sense' values, which appear logical until their underlying assumptions are questioned. For example, the book's main thesis is that 'the Treasury sought at all times to maintain the rules that would ensure that nation's financial system would remain sound, that government business was conducted in an orderly way and that policy commitments did not outrun the prospective resources available' What, however, is meant by 'sound' and 'orderly'? How are prospective resources to be measured?

To the Treasury, as the book makes clear, 'sound' consistently meant the minimization of public expenditure. This instinct also underpins the author's judgements, as in the conclusion when a relative rise in education expenditure from an internationally low base is regarded as evidence of a loss of Treasury control rather then a belated attempt to correct a likely underlying cause of Britain's relative decline. 'Orderly' is also defined by the Treasury and the author alike as the 'protection of politicians from electoral pressures' and the repeated rejection of departmental expenditure plans in the belief that this will help to establish priorities An alternative definition in a mature democracy might be a greater sensitivity to changing political and socio-economic needs and, as a necessary antidote to adversarial politics, a *reasoned* debate over the optimum balance of market and collective provision. The measurement of 'prospective resources' is likewise highly controversial, as Beveridge demonstrated in 1942 when he rejected the economic basis of Treasury opposition as 'defeatism without reason and against reason' Indeed, this well-documented battle, with its alternative perceptions of economic and political 'reality', would have provided an ideal opportunity to deepen the analysis of Treasury concepts of soundness and orderliness

Finally, the author, like the Treasury, seems reluctant to acknowledge the need for interdependence. Just as the Treasury, to be successful, has to rely on others for specialist advice and policy implementation, so judgement on the effect and effectiveness of Treasury control has to rely upon and accept evidence from outside Treasury papers themselves. To deny, in defiance of the evidence, that the Treasury used its establishment powers to affect policy and that its control over promotion influenced the behaviour of the ambitious is just silly. To cite but two examples, Sir Horace Wilson (a man not noted for his hostility to appeasement) is well documented for being driven to fury by the Treasury's treatment of his staff. The consistent attack after 1919 on statistical and research departments also undermined rather than promoted cost-effective government This is not just the flawed verdict of the immature historian of a spending department. It is the judgement too of the famous 1918 Haldane Committee

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and indeed the author himself who laments the lack of statistical expertise to guide demand management in the 1950s.

Like the Haldane Committee, this book has much that is of relevance for the present-day Treasury. A strong Treasury is unquestionably in everyone's interest. History suggests, however, that its strength is best used to confront and correct weaknesses in the market; and simultaneously to listen to and support the rest of Whitehall in the development of efficient collective measures and a pride in public service. History also shows that it is at its most effective when it is engaged in robust yet constructive debate, not least with a strong Prime Minister and a well-resourced Cabinet Office.

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WHITEHALL AND THE CIVIL SERVICE: ISSUES FOR THE MILLENNIUM AND BEYOND

June Burnham
Sheffield Hallam University Press, 2000, 153 pp., £9.50 (pb)

Those seeking to understand the nature and form of the changes which have engulfed the civil service over the past two decades are now relatively well served by the literature. Nonetheless, as the second Blair government continues the process of Whitehall reform, with an array of new initiatives branded as 'modernization', the need for sharp and succinct updates remains strong.

Whitehall and the Civil Service fits this bill admirably June Burnham has written a sound, clear and concise account of the modern British civil service which covers the key reforms of the Conservative period as well as the main developments during the first years of the Blair administration. While pointing out the novel elements of the Labour government's approach to civil service matters, she identifies the essential continuity across the Whitehall strategies of Thatcher, Major and Blair

Her book has been 'produced for' the Politics Association, and, consequently, the approach is avowedly introductory. The eight short chapters place the civil service in a broad historical context, set out the key structures and conventions, examine recruitment and training issues, assess the managerial changes of the 1980s and 1990s and survey the political and constitutional dimensions of civil service change The final chapter addresses the theme of the book's subtitle Each chapter is structured around an Introduction, an 'Ask Yourself' section containing questions, and a central section entitled 'Main Text' Sub-headings are deployed effectively within this framework. However, although the book is probably designed to meet the needs of A-level and first-year undergraduate students, the author does not eschew analysis of a straightforward type, and she also draws effectively upon some of the research she carried out as part of the ESRC's Whitehall Programme

The book's weaknesses stem largely from the nature of the format It is not always possible to do justice to complex themes and issues in such a limited space. The *Modernising Government* White Paper might have been subjected to closer analysis (a few sentences aside, we have to be content with largely factual summaries of its contents), and the potential impact of devolution on the concept of a 'unified' civil service could have been explored in greater depth. Other failings could easily have been overcome with just a bit more attention to detail. For example, although the guide to further reading and the list of useful web sites are helpful, the index is rather limited. Appendix 2 seems to be incomplete The book claims to offer a summarized version of civil service reform between 1979 and 1999, but it actually covers developments only as far as 1995

Taken as a whole, however, Burnham's book is a welcome addition to the introductory

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accounts of the civil service Hopefully, the author will revisit this topic in an expanded edition once the contours of the Blair government's civil service polity become still clearer

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NOTES FOR CONTRIBUTORS

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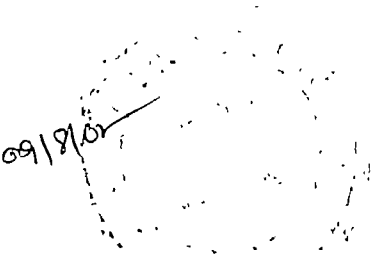
Privatization, Chinese-style economic reform and the state-owned enterprises
JONATHAN MORRIS, JOHN HASSARD AND JACKIE SHEEHAN

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ARTICLES

THERMOMETER OR SAUNA?: PERFORMANCE MEASUREMENT AND DEMOCRATIC ASSISTANCE IN THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

DAVID HIRSCHMANN

This article presents a case study of performance measurement in the United States Agency for International Development's (USAID's) democracy and governance program. Its purpose is to illustrate the juxtaposition (and sometimes contradiction) between the high standards of causal logic and accuracy required of performance measurement, and the untidiness involved in the 'politics of democratization'. Based on USAID experiences in numerous countries, the article concentrates on four specific themes drawn mainly from the literature on re-engineering but also from new public administration. These are: the complexity of politics; the challenge of attribution; the danger of distortive incentives; and the interrelated questions of product and process and quantitative and qualitative measures. Problems of measurement are clearly complicated by the fact that the Agency does not deliver service directly, has limited control over its expenditures, and, in the case of democracy assistance, by the need to operate in a complex and sensitive area, across international borders and diverse political systems and cultures. The article includes a discussion of some innovative qualitatively-oriented USAID responses to these problems.

INTRODUCTION

This article presents a case study of the operation of strategic planning and performance measurement in the public sector. It focuses on the United

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States Agency for International Development's (USAID's) experience with planning and measurement in one of its major areas of concentration in foreign assistance, namely its democracy and governance (D&G) program. This represents possibly the most novel and untested category of aid by any donor, and probably the most complex and controversial in terms of measurement.

After the US initiated its own process of reinventing government, and more specifically since the Government Performance and Results Act (US Government, GPRA) was passed in 1993, considerable attention was given within the US Federal Government to the achievement and measurement of results. All federal agencies were given approximately four years to test out the new requirements, and by October 1997 they were for the first time required to prepare an annual performance plan with goals expressed in objective, quantifiable and measurable form.

USAID took this requirement very seriously – in the sense of moving quickly to adopt strategic planning and performance measurement and to invest major resources in operationalizing these requirements, training personnel and designing programs accordingly. In fiscal year 1996, it had already begun to require country missions to report annually on the results of their programs (US GAO 1998, p. 138).

The primary purpose of this article is to illustrate the juxtaposition (and sometimes contradiction) between the high standards of causal logic, accuracy, validity and reliability required of strategic planning and performance measurement, and the complexity, uncertainty and untidiness involved in the layers of conflicting pressures inherent in the 'politics of democratization' (a subject expanded upon below). Many of these contradictions are applicable to public service in general. However, they apply to USAID's particular type of international initiative in ways that both play out differently and are sometimes more intense.

By demonstrating the daunting reality of the challenge (and some innovative responses), the second, and possibly secondary, objective of the article is to encourage a more constructive conversation about performance measurement of foreign aid programmes, particularly in the realm of democracy and governance. Notionally, that conversation would take place between (amongst others) those who demand accuracy, reliability and objectivity; those who seek dramatic 'meaty' stories of success or 'gotcha' failures; those who assert that these efforts at measurement are not only impossible but dysfunctional and distortive; and those who have to implement and attempt to measure in the real world of government service.

The argument will proceed in the following order. First, the article will explain briefly the background of re-engineering and the requirements of performance measurement. This will include some mention of the high standards of accuracy that are demanded. Second, it will introduce a few examples of the literature on planning and measurement in the public sector (most of it focused on re-engineering and the US case, but some on New

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Public Administration and Europe) which, not unexpectedly, has come to emphasize the problems. This short section will introduce the contrasting images of performance measurement as thermometer and sauna. Third, the article – and this is its core – will select four specific themes from the literature and apply them to the USAID democracy program experience in order to illustrate the layers of problems these requirements pose. The four themes referred to are: (1) the complexity of politics; (2) the challenge of attribution; (3) the danger of distortive incentives; and (4) the interrelated questions of product and process and quantitative and qualitative measures. The article then takes note of some original qualitatively-oriented USAID responses to these problems, before drawing a few conclusions that highlight lessons learned and the relevance of the literature. It should be added here that not much published material is available on the specific experience of USAID's efforts at applying performance measurement to its democracy program. Carothers (1999) is one exception. Much of the evidence (examples, illustrations, alternative measurements, possible scenarios, and the numerous problems) presented here is based on active detailed participant observation by the author over many years working in USAID headquarters and in USAID missions, and with USAID's implementing grantees and contractors. Lessons derived from these experiences are referenced as Interviews, followed by the name of the country and date in which the participant observation and interviews took place.

DEMANDS OF PERFORMANCE MEASUREMENT

The Government Performance Results Act required all executive agencies to prepare multi-year strategic plans, annual performance plans and annual performance reports. Under the Act, strategic plans were to be the starting point for the agencies to set annual performance goals and to measure program performance in achieving those goals. (US Government, GPRA, Appendix 48) Radin has summarized the requirements and processes of the Act. It required a strategic plan, including goals and objectives; means to achieve them within a five year time frame; annual performance plans with performance goals articulated in objective, quantifiable and measurable form; and performance indicators to be used in measuring outputs and outcomes and establish a basis for comparing actual results with the goals. (1998, p. 308)

USAID established some common sense criteria for an acceptable indicator. These include: it should be direct (i.e. match the result), unidimensional, operational, objective, show the scale of the problem, be sensitive to change from year to year and susceptible to disaggregation (if possible in the first instance by gender, but also by race or ethnicity, and so on, if appropriate) (USAID, D&G Handbook 1998).

According to USAID officers, USAID's internal accounting officers emphasized more rigorous standards than even these for quality of data. They required that the data be objectively verifiable, accurate (which appar-

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ently means being within about 1 per cent of the actual documented result), adequately documented, and validated by independent sources. (Interviews in USAID headquarters and in numerous country missions.)

Re-engineering also incorporated the notions of empowerment, accountability and team work. While teams were delegated more authority for designing their programs they now had to take responsibility for results, formalized in a team charter. To some extent the members of the team were to be judged in their personal evaluations on how their team performed according to the targets set. The mission in turn had to present its plan, indicators and targets and be judged accordingly in a performance-based budgeting system. Based on the same principle of 'management by contract' applicable elsewhere under new public administration (Sanderson 2000, p. 304), this meant that the results were to be taken seriously. In practice, the connection between performance and budget allocation in USAID weakened considerably over time (USAID 1999, Segment 2, pp. 9, 14, 15 and 20).

THERMOMETER OR SAUNA?: INTRODUCTION TO PROBLEMS OF MEASUREMENT IN THE PUBLIC SECTOR

Recent literature on measurement and management, more so in the public sector, anticipates and describes many of the difficulties experienced by USAID which form much of the content of this article. Bouckaert observes that 'the history of measurement in a management context shows there has been a major shift from the naive belief in the power of quantitative measures to an awareness of its functional or dysfunctional potential' (1993, p. 11) Levy emphasizes the difficulty of assessing long-term impact and policy outcomes and quotes a 1990 article by Burningham that 'the literature on PIs (performance indicators) is long on pathologies and short on prescriptions' (2001, p. 426).

At a broad conceptual level, critics point to a number of underlying misunderstandings about the role and meaning of measurement itself. Fox, for example, sees in the calls for measurement and results two distinct and contradictory lines of thought residing uncomfortably together. One is the continuous improvement aspect associated with Total Quality Management and the other is an update of traditional hierarchical accountability to management, using measurement 'to assess performance and place blame by what is taken to be objective once-and-for-all standards' (1996, pp. 259–60).

Kettl observes confusion about 'responsibility' for achieving the results. Federal managers, he points out, 'share responsibility for results with a daunting array' of external agencies and private citizens, making it very hard to define who is responsible for achieving those results (1994, p. 310). Radin points to another misunderstanding behind the legislation, notably the assumption that performance information is 'objective and can serve multiple and often conflicting masters' including managers inside the agency, Congress, the White House and the public (1998, p. 309). Peters and Savoie make the point that since Congress holds the leash, the likely

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result is 'meaningless symbolic measurement designed more to hoodwink the bosses than to inform an ongoing organizational learning process' (1996, p. 260). Gentot's reference to 'legitimate secrets' points to the reluctance of some governments to measure their work in some sectors with care and openness (1994, p.7).

Newman argues that the challenge of 'objectivity' becomes clearer if one understands that the process of evaluation is 'one in which actors both construct their world and deploy strategies of legitimation'. This challenge, and a related tendency toward discrepancies between 'official and unofficial estimates', are exacerbated in politically 'high profile' situations (2001, p. 101). Boukaert makes a similar point and effectively captures many of these contradictions and misunderstandings in drawing a revealing contrast between measurement as 'thermometer' and as 'sauna'. 'The scientific management idea of a thermometer-like measure is one which does not intervene but purely registers and remains neutral. Measuring becomes a mechanistic objective and a technical tool for informing distant management. The most important conditions and requirements for the measures are validity and reliability' (1993, pp. 11 and 12). In practice, he argues, 'measurement is not a neutral technical tool, but an organizational reality and both the organization and its individuals as actors in the organization develop a certain behavior towards the reality'. In other words 'measurement intervenes in the organization'.

> Measurement is not a thermometer taking the temperature of a body, but a sauna giving temperature to the body. This may have different, for example, dysfunctional effects. Measurement becomes a motivational and intentional process for the purposes of change. ... The most important conditions and requirements then are its motivational and legitimizing capacity. (1993, p. 12)

'A MESSY AND DIFFICULT JOB': THE POLITICS OF DEMOCRATIZATION

Carrol notes that the very nature of government services make measurement dauntingly complex. Public goods with their characteristics of dependence on external influences – indivisibility, non-exclusion, spillover effects, and generally long gestation periods – are not easily measurable (2000, p. 43). More broadly, she and Dewar argue that 'in the end governments tend to be left with the "messy, complex, and difficult jobs" that are hard to measure. Government programs often have multiple goals, are hard to define, and are often kept purposefully vague and unstated (forthcoming, pp. 10 and 11) They are also sometimes required to achieve non-results such as 'fires that did not start' (Carrol 2000, p. 41) and take responsibility for new programs that may in their first stages have negative outcomes (Brodtrick 1998, p. 91) or be unpopular with the public.

Carrol and Dewar also contend that to the extent that measurement is

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feasible and relevant, it should only be applied to services that are relatively easy to measure, such as waste management, libraries and mass transit (forthcoming pp. 9, 10 and 11). Radin agrees about the limited application. He observes that generalized government-wide specifications about measurement are inappropriate for certain types of agencies. The requirements are suitable for agencies that actually deliver services, have relatively stable histories, cultures of data production (with agreement on typologies as well as belief in the importance of accuracy of information) and manageable levels of conflict between the external actors interested in the program.

> The process is likely to be difficult in agencies that deliver dollars and some regulations ... but do not have real control over the ways that the federal dollars are designated, have experienced dramatic swings in program design, do not have agreement on data categories or indeed on the legitimacy of the federal government's requests for information, and operate in highly politicized external environments with explicit conflict between stakeholders in the conflict. (1998, pp. 309 and 310)

USAID's D&G work clearly fits this latter definition. For a start, 'democratization' is an inexact science. While it does not lack putative hypotheses, most remain unproven. Where there may be a correlation if not a causational link, such as the connection between a stronger middle class and better chances of democracy, that is an objective over which an outside donor with small amounts of money and modest programs has precious little influence.

There could be said to be some consensus on the building blocks of democracy, such as respect for political and civil liberties, free and fair elections, open political competition and an autonomous judiciary. But the sequence and interrelationship among all of these is uncertain and therefore challenges the basis of designing programs which aim to influence and then measuring their impact.

Even if the hypotheses were clearer in theory, the operational realities of specific circumstances are murky. Democracy programming involves politics in the fullest, most complex, untidy and unanticipatible sense. First, account must be taken of the politics of the country itself, which as in any new democracy will be complex, changing, competitive and conflictive. It will be dependent itself, for example, on the not uncommon phenomenon of economies that themselves are fragile and dependent. They will be dependent too on (enduring) systems of patronage, (untested) leaders, (inexperienced) parties, (non-issue based) party systems, (weak) legislatures, (ungrounded) ideologies, (underperforming) bureaucracies, (antagonistic) ethnic or religious groups and (uncertain, sometimes disastrous) climatic conditions.

Second, there are the politics of the country's relations with the US and other industrialized countries, and with donors such as USAID, the IMF, the World Bank, the European Union and large bilateral donors. The recent

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history of donor activity may be seen as interventionist or sensitive, helpful or destructive. The context may or may not allow the recipient actors room for manoeuvre and both sides may be more or less forthright about how serious they actually are about reforms, both political and economic.

Third, there are the politics of USAID itself. Each USAID D&G team has to position itself and compete for funds with other teams within its country mission, and similarly each mission has to attend to its relations with headquarters and compete for resources with other missions. Fourth, and still at the country level, there are intra-US Governmental dynamics, including those of the American Embassy (Ambassadors typically take much more interest in democracy than, say, in agriculture, and all Embassies have political and security officers), the USAID mission and, to a lesser extent, the United States Information Service, the major US-party-linked NGOs, namely the International Republican Institute and the National Democratic Institute (both with their own separate channels to Washington DC), and a plethora of US-based NGOs involved in democracy work. In some situations the Democratic and Republican parties (for example, where either side has an interest in demonstrating a foreign policy success or failure) together with the National Security Council may also take a direct interest in local programs.

Finally, of course, there is the politics of Washington DC itself where USAID must negotiate its programs, its plans, results and measurements with the State Department, the National Security Council, and, possibly most time consuming and demanding of all, with Congress. Here, the full weight of domestic interests come into play (and foreign aid bashing is relatively easy to do); USAID also encounters the executive branch from time to time, the Democratic and Republican Parties and a wide assortment of ideologically diverse NGO/think tank/advocacy organizations and firms that take an interest in democracy.

A few illustrations of how the politics of democratization impacts planning and measurement follow. Firstly, two examples of institutional interests at work. US NGOs are used to working on a basis of grants which provide considerable latitude to grantees and do not require the same reporting discipline as contracts. Yet the requirement of results and performance measurement means that NGOs have to set indicators and targets and report on them. This makes grants more like a contractual relationship, thus restricting their freedom of manoeuvre. NGOs have made their discomfort very clear and USAID has had to find a way between these demands and those of the GAO (Interviews, USAID Washington and Missions over many years). Waller provides a second example. He points to the predicament of private contractors who work for USAID. He sees a lack of frankness in assessments and evaluations on their part because, so he claims, they fear loss of contracts as a reprisal (1997, p. 102).

A recent article by ex-US Ambassador Swartz reveals a number of other pressures and contradictions, not so much in the apparent hostility he ex-

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hibits towards the Agency, as in the assumptions behind them, and what those in turn mean for an Agency attempting to carry out rational planning and measure performance on a three- to eight-year basis. Ex-Ambassador Swartz makes the comments about USAID's performance in Belarus. He sees USAID as wasteful and as adding little of value, referring to USAID strategic planning as a euphemism for self-justification of the bureaucratic overlay the Agency brings to the assistance table. He argues that much more power should be given to the Embassies and that in the final analysis US tax dollars must be spent for the sole purpose of advancing US national interest. He emphasizes the urgency rather than the long-term nature of the aid and concludes that even when working well, aid can only be marginal to, and not a determinant of, progress (1996, pp. 99 and 106–7).

The US General Accounting Office adds yet more examples of the impact of politics (US GAO 1998). It observes that while relative performance of mission programs is clearly a factor in USAID's resource allocation decisions, these decisions are still largely driven by other considerations. These include contributions to foreign policy and agency priorities, country need and commitment and funding priorities of the executive branch and Congress. By way of illustration it mentions decisions to provide funds for Haitian democratization efforts and support for the Guatemalan peace process. These funds were made available independently of performance considerations. More recent examples include rapid responses to the 1999 Nigerian election, and to concern over the destabilizing regional effects of the war in the Congo and political deterioration in Zimbabwe. The article also notes the practice of congressional earmarking and executive directives that override the determinations and directions of missions, and that accounted for no less than 66.5 per cent of assistance funds in 1997 (1998, p. 135).

A subject not often expressed, is that recipient countries too have problems with the implications of performance measurement, in this case, for their sense of sovereignty. One country in particular, Eritrea, has voiced a number of objections to USAID's strategic planning, its measurement and its need for detailed information. Eritrean leaders, who have a very different view of political priorities (Afwerki 1997; McCord 1997) see the exercise as amounting to an intervention in their domestic policy making and an attempt, intentionally or not, to intervene in their sovereignty. In particular, they note that when USAID goes beyond stated outputs, it begins to express its own objectives for Eritrea. The Eritrean government in turn is assessed by its achievement or non-achievement of the results of these objectives; for instance, this influences the amount of assistance USAID and other donors might provide. Further, even if it is fully involved in co-planning and setting targets, it reserves the right, as a sovereign government, to change those at any time it sees fit. This puts USAID planning and measurement on very shaky ground (Interviews, Eritrea 1998).

The point that democracy work in other countries is highly sensitive and

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open to serious concerns is so obvious that one might be forgiven for overlooking it. While USAID is not allowed to take sides in the sense of supporting particular political parties, there are situations in which the Agency, or its implementing parties, may sometimes find themselves doing so. South Africa presents a prime example of a case where USAID supported those political parties that had been excluded from power under the apartheid regime. Other situations where USAID has sought to 'level the playing field' include: where one local political party may be far more committed to democracy than another; where civil society may be more pro-democracy than the ruling parties; or where the legislative body may be too weak to counterbalance a dominant executive and therefore needs support. In these cases, governments/ruling parties that perceive of USAID as bent on (or having the effect of) diluting their dominance may be unhelpful about providing information (Interviews, Eritrea 1998; Zimbabwe 1999 and 2001; Egypt 2000; Ukraine 2000).

Examples, such as the above, of the messy and complex business of politics impacting the logic of measurement are not hard to come by. It is clear from this brief discussion of the stakeholders, and these few illustrations, that within and between the donor and recipient countries a variety of competing forces, based on a wide assortment of interests – national, party, and institutional – complicate planning and measurement and the accompanying responsibilities for achieving targets.

DEMONSTRATING THE CAUSAL CONNECTION: THE CHALLENGE OF ATTRIBUTION

Closely related to the difficulties politics (as broadly conceived) poses for measurement is the fundamental issue of attribution. A number of authors point to both the logical and evidentiary problems of attribution. Newman (2001, pp. 90–1) and Radin (1996, p. 313) both observe that it is very difficult to isolate the results that are attributable to a particular program intervention from those that stem from simultaneous programs or experiences that are out of the control of the agency being evaluated. Carothers observes that in any society, the political environment is a 'swirl of events, institutions, personalities, processes, attitudes and trends'. As a result it is very difficult to conclude with any precision to what extent one particular program produced a political outcome (1999, p. 263).

Myers and Lacey argue that as a consequence, government departments should not be required to seek to make such causal claims. They suggest, for example, that while a chief constable should be accountable for specific outputs such as number of policemen on the streets, he should not be held responsible for the fall in the crime rate, which is only potentially attributable to factors within his control (1996, p. 344). The whole intention of the GPRA, however, would be to make him responsible for the latter.

Speaking about foreign aid agencies in particular, Rondinelli asserts that they can be held accountable for inputs (for example, the number of trainers

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in an illiteracy program) and outputs (say, the number of people trained), but they cannot be held responsible for the number of those trained who actually obtain jobs. The reason is that the agencies cannot control whether or not those who take the literacy training go on to seriously seek employment, whether jobs are available, and myriad other factors (1994, p. 475).

The US GAO has given considerable attention to this problem in USAID's work. In a section of its report entitled 'USAID Often Unable to Demonstrate Impact of Projects on Mission Objectives and Agency Goals' (1998, p. 143) the Office commented that this was a common problem within federal government. Almost paraphrasing some of the authors quoted above, it concluded: 'The most difficult aspect of analyzing and reporting performance data is separating the impact of a program from the impact of external factors to measure the program's effect' (1998, p. 144). It observes that other US government investigations, including those by the Office of Management and Budget in 1996 and the USAID's Inspector General in 1997, had criticized USAID's lack of care in this regard.

The GAO goes on to note the USAID response to this problem. The Agency does not claim responsibility for the development of results measured by its strategic objective indicators but rather claims a 'plausible association' with the results (1998, p. 143). The GAO, however, criticized USAID for not clarifying the nature of the plausible association in its documents. In some cases, especially where USAID is the largest donor and projects are showing some results, this association may be very strong. In other cases, on the other hand, the association may be tenuous, based only on token USAID involvement. The Agency has neither clearly nor consistently correlated levels of association with development results in its mission performance reports (1998, p. 144). In addition, the report states that there is the difficulty of sharing credit (or blame) for success (or lack thereof).

The specific measurement problem posed for USAID by the principle of attribution can be stated simply: to what extent is the observable change in some aspect of democracy in a particular country attributable to USAID or its NGO partners, or to the country's government, or local NGOs, or the people or good or bad luck? The challenge of demonstrating the causal connection is exacerbated by the modest amount of resources available to be invested in most programs, given the total populations of aid-recipient countries.

One is often talking here about a small amount of money that is supposed to have a national impact at the people level. For example, in Bangladesh, one of USAID's strategic outcomes read: 'More accessible and equitable justice, especially for women'; and the performance indicators referred to the 'number of women alternative dispute resolution clients' and 'the number of women serving on alternative dispute panels'. The most that could be expected would be an impact in selected districts of the country and only then if the various elements of the program could be geographically concentrated so as to have a combined synergy of some kind. The Agency

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and its partners dealt with this challenge by incorporating the phrase 'in targeted communities' in most of its indicators (The Asia Foundation, USAID and BRAC 1995; Interviews, Bangladesh 1995; Hirschmann 1999).

The Eritrean government has also objected to USAID claiming attribution for anything beyond outputs. That government makes exactly the same point that the US GAO and various scholars make about tenuousness of connection and claiming more than is justified. Eritrean officials discouraged baseline studies because they believed that this would enable USAID to usurp the credit and thus deny or diminish the role of the Ethiopian government, the local community and/or local businesses (Interviews, Eritrea 1998).

A further illustration of the challenge of attribution comes from Mongolia. In that country's second democratic parliamentary election in 1996, the ex-Communist Party was ousted convincingly by a coalition of parties seen by Western observers as being more committed to democracy and free enterprise. In addition the number of women elected was increased. Each donor, NGO and foundation – including USAID and its American and Mongolian partners, which had assisted the opposition, and supported the women candidates – claimed credit for the result. Each of them had of course helped. So of course had the Mongolian parties and candidates. The problem was allocating attribution (or sharing the credit) in some sensible and meaningful way (Interviews, Mongolia 1996).

DISTORTIVE INCENTIVES

A number of authors caution against the distortive incentives and dysfunctional effects of performance measurement. Carothers asserts that the effort to assess the impact of democracy programs by using 'highly reductionist indicators' produces little insight and introduces serious distortions (1999, p. 291). Myers and Lacey refer to a 'numbers' problem in which carelessly designed performance indicators may subvert the goals of an organization. They give as an example measurement of a public health service in terms of the number of cases dealt with in a given time period. The outcome could easily lead to reduced care to individual clients (1996, p. 342).

In another example, also using negative effects on the health services as an illustration (in Britain), *The Economist* argued on similar lines that targets create 'perverse incentives', especially when 'workers are cleverer than targeters, and find ingenious, and not necessarily desirable, ways to meet their targets' (April 28 2001, p. 22). Halachmie and Bouckaert discuss inconsistent values, providing an example from police practice. They note that economy and efficiency (and this would apply to the appropriate performance measurements) would be served by skipping the requirement that an arresting officer advise suspects about their rights, but Western notions of due process would suffer (1995, p. 324).

Radin warns that further distortion is likely to result from grantees of government money developing 'creaming processes' that will show better

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results, in the belief that this will lead to increased funding (1998, p. 313). Brodtrick confirms the tendency by government departments to cover up mistakes rather than acting as a 'messenger of bad news' (1998, p. 91). In explaining some of the disappointment with the effects of PPBS (Planning, Programming and Budgeting System), Carrol and Dewar note that Canadian government departments were reluctant to 'reveal information for fear it would lead to program cancellations and budgetary cutbacks, or an increase in procedural controls' (Forthcoming).

USAID's democracy program experience has confirmed that a serious potential deficiency of indicators, more so quantitative ones, is their tendency to create dysfunctional incentives for its work; and in the process have the potential to lead to outcomes that contradict the stated purpose of the assistance.

One possibility of a distorted outcome is that of a program being turned down because it is either difficult to measure or the results would appear to be negative. Those working with USAID refer to this as the problem of 'low hanging fruit', which is picked because it is easy to reach; that is, one undertakes an initiative because it is easier to measure, or refrains from doing something because it is difficult to measure, or because the measure might be discouraging.

The second round of elections in some African countries – more so in the case of local elections – can prove to be such a case. The first election is often a very good one. There is excitement. The citizenry in particular is motivated. There is considerable donor attention and support, and often political parties are playing the game honestly because they do not know any better as it were. The second election is different: donor interest has declined, parties have become more sophisticated in circumventing rules, the under-resourced local election commission is less able to monitor them and public interest has often declined. After a poor performance by the politicians, aggravated by exaggerated promises, people are less enamoured of democracy and so voter turnout declines. In some places this is almost inevitable, particularly where other donors have lost interest (Bratton 1998, p. 59; Lake 1995). Then what advantage is there for a USAID mission team or director when he/she predicts that results will be worse and will not reflect well on the strategy? This certainly might have been a reason for some USAID missions losing interest in continuing electoral support and giving more attention to building civil society.

Another example is that of reducing the number of prisoners awaiting trial for serious crimes such as murder. In the case of Malawi, a large number of prisoners had been awaiting trial for murder for more than 10 years, an obvious human rights concern. After much work with the Ministry of Justice it was found that this was an indicator that could be tracked. Everyone agreed that it was an appropriate and direct measure of the desired result. However, further discussion revealed that in reality the situation was more likely to deteriorate than improve for a variety of reasons that

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were beyond the control of USAID and other donors. For a fair trial, every accused needs a lawyer; almost every accused needs a *pro bono* lawyer; in recent years the legal culture of service had changed and lawyers were demanding full commercial rates, something a resource-strapped government could not afford. Consequently there were not enough lawyers to defend the accused. There were certainly not enough prosecutors. The police could not be counted upon to have the vehicles and fuel to deliver the accused to the courts on time. There were insufficient court buildings. The requirement of a jury system, where members needed to belong to one's own ethnic group (which may be based a long way from the court), plus the increase in crime meant that in all probability the situation would get worse. It would have taken a very brave USAID team leader to make this a priority on the list of results and measures reported on to Washington (Interviews Malawi 1996).

In Haiti, USAID also worked on improving the administration of the justice system. Included in this program were efforts to reduce police beatings of people who were arrested. One suggested performance measurement was to test citizens' changing perceptions of the system of justice, with the expectation that this would become more positive in time. We were cautioned, however, by a Haitian professor of law that most citizens thought the beatings were appropriate. They did not want people back on the street without punishment (for example, under the principle of *habeus corpus*) and many of them saw jail as a free stay on the state. In their minds, the beatings were therefore seen as the one really meaningful form of punishment. The fact that some people might be harmed who were not guilty was a price that had to be paid and would serve as a warning to them. In response to what USAID judged to be a significant improvement in justice, a survey therefore would most likely have yielded negative results and the measure was not used (Interviews, Haiti 1998). Incidentally, at that time, Haiti represented a high-profile political case, given ex-President Clinton's claims of a foreign policy success in Haiti and Republican determination to prove the contrary.

Carothers reports two further examples. In Zambia, a USAID officer reported to him that one reason the USAID Mission planned to focus on judicial and legislative work rather than civil society was that it could produce good numbers with the former but not the latter. In Nepal, an officer said that an apparently useful program to build consensus on policy reform had to be sacrificed because it suffered in terms of 'numbers' in comparison with a literacy program (1999, p. 294).

PRODUCT AND PROCESS, QUALITY AND QUANTITY

Carrol observes that the apparent objectivity of focusing on product and relying on quantitative measures inevitably 'drives out' subjective measures (and also emphasizes short-term at the cost of long-term results) (2000, p. 44). Myers and Lacey give as an example of a measurement of a public

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health service the number of cases dealt with in a given time period. The outcome could easily lead to reduced care to individual clients (1996, p. 342). In the same issue of *The Economist* noted above, but in a different article, reference is made to 'Britain's beleaguered agriculture ministry'. According to its annual report it was meeting ten out of its 13 principal targets. The trouble is that one of the missed targets included a pledge to prevent outbreaks of serious disease. Some objectives, the article asserted, matter more than others (2001, p. 53). Carothers, writing about US democracy assistance to Romania, observes a tendency to emphasize the number of meetings rather than the painstaking but more important efforts at consensus building (1996, p. 114).

The inherent challenge for USAID has been that quantitative measures, and by implication quantitative changes, in those measures are known to be of more interest to those whose core focus is on 'economy and efficiency' (Sanderson 2000, p. 307) and so much simpler to comprehend and more convincing to the busy 'decision-maker'. However, political change/democratic progress is inherently a more qualitative than quantitative process. At the time of a stereotypical political transition, when there was a change of kind from military/authoritarian to formal democratic processes, at least some changes were easy to quantify. For example, all of the following increased noticeably in number during, and immediately after, such a transition: the number of newspapers free of government control, human rights NGOs, civil society organizations and political parties. Thereafter, one is looking more at changes of degree, many of which do not work in a linear fashion or in tandem, and may retrogress, and that are often more qualitative than quantitative in nature. How does one measure improvement in journalism, or in ethnic tolerance or legislative debate?

A significant example of this predicament in USAID's democracy program involves political participation. As central to the democratic process as participation is, so is it difficult to measure. Partly out of convenience, therefore, there has been a tendency to emphasize product of the participation over process. An example is USAID support for improved interaction between local communities or/and local NGOs and local governments in the process of decision-making. This can be accomplished through town meetings, joint boards or hearings. One indicator used has been 'the number of town meetings held'. Another was 'the number' or 'the average number of people attending town meetings'. However, as USAID's own Handbook says (1998, p. 7), often these measures capture only a thin slice of something larger or more complex. For example, the number of citizens attending town meetings does not capture 'participation in local government'. In order to fully assess this objective, one also needs to know the type or character of the interaction between citizens and local government officials. This includes not only what was said and by whom but how seriously it was listened to and whether it was incorporated in the thinking of the decision-makers.

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Not only does an emphasis on product fail to capture the complexity, but it often misses the main point of the assistance. An example is the USAID work in strengthening legislatures, where there has sometimes been a focus on the results of the legislative process – for example, number of laws passed or amendments introduced (USAID/Haiti 1998, p. 7) – rather than the quality of participation in the legislative process. This is understandable because it is far easier to measure number of laws passed than assess improvements in the quality of legislative process (committee work, public hearings, preparedness of members, opposition parties' participation, use of facts and figures and alternative policy analyses in debate, etc.). Process, however, is far more important and in the final analysis this is the fundamental lesson that USAID aims to leave behind.

USAID also undertakes crisis prevention and conflict avoidance initiatives. These include support for inter-ethnic/religious communal meetings, confidence building exercises, labour–business mediation, business–government negotiation, police–community meetings, military–civilian leadership workshops, youth programs, arms moratoria and public education programs. All of these are process-oriented but the outcomes (such as the coup or ethnic violence that may have been avoided or the context for mediation improved) are very difficult to capture in measurement.

Another example, from the area of administration of justice, illustrates the potential dangers of emphasizing product over process and quantities over quality. Here, an attractive indicator of improvement in the Agency's programs focuses directly on (what sometimes seems to be an insurmountable backlog of) court cases: 'the ratio of court cases tried to court cases pending', or 'percentage of cases cleared annually' (USAID Handbook 1998, p. 52). These are illustrations of measures that emphasize the necessary speeding up of cases. What gets lost, and what might therefore be sacrificed in the interests of accelerating the process, is the quality of justice. In the area of freedom of the press it is common after a few years of democracy for the number of newspapers to decline markedly; often they do not attract many readers and/or cannot raise enough revenue to continue (Interviews, Ukraine 2000). But in any case the number of newspapers tells us little about improvement in the quality of journalism and diversity of opinions expressed.

Carothers gives a 'vivid' illustration of the problem of focusing on programmatic product rather than deeper process:

> In 1997 a coup in Cambodia derailed the shaky democratic transition that USAID and other donors had been supporting.... The USAID 'Results and Resource Request' for Cambodia that year nonetheless reported that for its democracy projects 'progress against most SO [strategic objective] indicators exceeded expectations'. (2000, p. 292)

In his words, the contrast between the upbeat report and the reality of the democratic setback 'was almost surreal' (2000, p. 293). In Angola, a success-

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ful product, namely the management of a democratic election under international supervision, gave lie to the fact that the deeper process of reconciliation between ethnic groups and political leaders had not taken place. Not long after the results came in the country returned to civil war.

It should also be noted that in certain circumstances, some USAID missions prefer to concentrate on process and not product. One reason is caution and relates to the old adage: 'You can take a horse to the water but you can't make it drink'. In El Salvador, for example, the USAID mission was working with the electoral authorities, and was willing to take responsibility for some incremental improvement in their performance (that is the process); but it could not anticipate how the parties, the legislature and the economy were going to fare or even the weather on election day. It therefore became very tricky for the Mission to take responsibility for voter turnout (the product), and it declined to do so (Interviews, El Salvador 1997).

Further, some Missions are reluctant to interfere, or to be seen to interfere, in policy decisions of sovereign governments. A common USAID D& G support activity is strengthening the advocacy role of civil society organizations (CSOs). In seeking to measure the impact of the program it would be convenient to look at the success of the organizations so assisted in affecting policy. This might be measured by 'number of CSOs that can demonstrate that policies were changed/influenced because of their input', or 'number or type of laws changed in accordance with CSO advocacy agenda' (USAID D&G Handbook 1998, p. 130). But there are at least three problems. The USAID Mission in Zimbabwe confronted all three. One is evidentiary: how would the Mission prove exactly what influences affected the outcome of a government bill? Further, civil society is not homogeneous: it could be anticipated that the Zimbabwe Chamber of Commerce and the Zimbabwe Chamber of Trade Unions were likely to be on opposite sides of any particular issue. And thirdly, the Mission believed that while strengthening advocacy was its legitimate business, influencing the government to change laws in a particular manner was not; and it did not therefore want to be held responsible for specific policy outcomes. The challenge then is how to measure the success of advocacy without measuring the impact on policy-making (Interviews, Zimbabwe 1998, 1999, 2000; also in El Salvador 1996 and Egypt 2000).

INNOVATIVE QUALITATIVE RESPONSES

In 1998, after a two-year research and consultation process, USAID's Center for Democracy and Governance produced a *Handbook* of D&G Program Indicators intended to help USAID officers develop appropriate indicators and respond to constantly voiced problems. In the introduction, the *Handbook* notes: 'Although Agency guidance notes a "preference" for quantitative indicators, their use is not required. . .; indicators that measure qualitative aspects are perfectly acceptable'. It goes on to explain that many

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attributes of democratization are considered to be inherently complex and qualitative in nature (USAID 1988, p. 7).

The document includes a number of measures which are based on judgemental assessments, such as quality scales and multi-component indexes. 'For example', it states, 'an indicator might rely on the assessment of a panel of experts regarding the quality of legislative processes, where one could report the combined score on an index of quality scales ... applying clearly defined criteria to each scale' (USAID 1998, p. 8). In essence, one of the Handbook's main contributions is to introduce qualitative indicators that seek to respond both to the inadequacies of quantitative indicators and also to one of the primary criticisms of qualitative indicators; namely, that they are subjective and therefore will be interpreted differently by different people at different times. In order to make them more objective, the Handbook suggests ways of clearly defining terms and establishing clearly specified criteria to be applied consistently by whoever is judging them.

A few examples follow of how some of the problems discussed above are being dealt with in the field.

Firstly, let us take the problem of advocacy where a country mission might not want to intervene in actual policy outcomes and/or feels that it can be held accountable for 'taking the horse to the water' and no more. As a response, USAID has developed a qualitative advocacy index for civil society organizations (CSOs). This includes a number of components such as 'CSO collects information, carries out research, and gets input about the issue' and 'CSO takes action to influence policy or aspects of the issue for example news release, letter writing, visits to MPs' (obviously subject to change to take account of local circumstances). A qualitative judgement of the work of CSOs is carried out by a local panel of experts, based on a scoring of each of the components.

A second challenge to measurement mentioned above relates to quality or meaning of participation. For example, in the case of USAID efforts to enhance local level participation between civil society organizations such as ratepayers or neighborhood or women's associations and local councils, an effort is being made to get away from the type of measure that counts how many meetings were held. The proposal is rather to focus attention directly on the quality of the interchange through a concept of 'valid engagement'. This refers to a situation in which the local CSO assesses that it was given adequate time and information to consider local council initiatives or drafts, opportunity to present its views, to react to the local council's responses and changes; was listened to and taken into account in policy decisions.

For purposes of measurement, perceptions of that valid engagement could be on a scale; for example: no engagement at all (0); very limited/gestures only (1); limited/possibly a few meetings/superficial exchanges (2); reasonable engagement/some meetings/some serious discussion (3); substantial engagement/serious meetings with individual local

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councillors and with committees/consideration of policy alternatives (4); substantial interchanges, with CSOs being given enough time and information to work with local councils; and (5) a strong sense that their input was fully considered in decision-making.

A third difficulty, mentioned above, is that of avoiding contradictory incentives provided by quantitative indicators, say, in assessing improvement in the justice system. A useful device that is being tried is simply to stick with the quantitative indicator, but include a detailed description of qualitative requirements. An example would be 'number of registered court cases (that satisfy defined criteria of justice) resolved'. This indicator would then include a detailed definition of the criteria necessary to satisfy 'justice'. These criteria might include: (1) a defence lawyer must be present throughout the case; (2) the defence lawyer must have been given sufficient time to prepare a case; (3) there must be a written judgment; (4) the decision is made in a timely manner; (5) the proper law was applied, etc.

These few examples of qualitative performance indicators represent constructive responses to some perplexing problems of measurement in a very complicated field. The fact that they are being accepted and even encouraged by the Agency is indicative of a more pragmatic and realistic effort both to continue with planning, assessment and responsibility for results, but now to incorporate an appreciation of all the complexities and contradictions of measuring the performance of foreign assistance in the field of democratic assistance.

Qualitative performance indicators, incorporating disciplining criteria, do seem to be a sensible way of enhancing measurement of progress in democratization. The above examples appear to be thoughtful and innovative means of incorporating the qualitative nature of democratic change and capturing more of its inherent complexity. USAID country missions are now experimenting with them.

There are nevertheless many outstanding issues. For purposes of assessing the advocacy (or any other qualitative) index, how feasible will it be to find a panel of informed but nonpartisan/independent experts, particularly in smaller countries? However careful the efforts to define criteria, they will be subject to diverse interpretations from one panelist to another and from year to year. Will such qualitative measures have any meaning across Missions? The Agency will still need to make comparisons even in making performance 'informed' allocation decisions. Further, what will the accomplishment of qualitatively measured indicators mean outside of USAID? What will they mean, for example, to politicians in the US Congress as they make their decisions? How will the Agency make use of a collection of results measured in these terms in order to aggregate its overall results when it reports on its performance and argues for funds? Will the US GAO find them informative enough or sufficiently accurate for its oversight purposes?

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CONCLUSION

The purpose of this article is not to find fault with, nor to argue for an end to performance measurement and its associated requirement of designing performance indicators. Rather, by referring to the literature on performance measurement and demonstrating the operating reality of the problem, its objective is to encourage a more constructive conversation about measurement in the area of democracy and governance.

This brief conclusion has two purposes. One is to re-emphasize the value of the literature in explaining the complexity of designing performance indicators that are appropriate to this type of endeavour. The second is to take account of the adaptations and innovations of USAID to suggest that there may yet be a sensible and realistic way of measuring progress even in a field as complicated as democracy assistance. In other words, while the literature has explanatory value, it does not necessarily destine measurement to inevitable failure.

It is abundantly clear from the discussion of the four themes above that the fundamental issues raised in the literature – the theory if one prefers – about the incompatibility of accurate measurement and quantitative performance indicators on the one hand and the essence of public goods and government behaviour on the other, apply to USAID's experience with performance measurement. For one thing, the intensity and variety of externalities and complexities of politics in general have applicability to the USAID efforts to measure democratic change that certainly go beyond the norm of most government services. Problems are exacerbated in this case by the need to operate across international borders and diverse political systems and cultures. Similarly, the related but more technical issues raised by scholars concerning attribution of results to the contribution of USAID, and the distortive potential of performance indicators, also help to clarify the obstacles in the way of designing accurate performance indicators.

USAID appears to have learned some of these lessons. Given that the Agency is required to continue to achieve and report results, it has no choice but to continue to seek out meaningful, useful and convincing performance indicators. These are early days in what may be a new round of initiatives and responses in the Agency's crafting of performance indicators for its democracy work. It is clear, however, from the nature of the suggested new indicators that there is now far greater understanding of the challenges of effectively assessing progress with democratization. Not that anyone involved would put it in these terms, but there does appear to be deeper appreciation of performance measurement in these circumstances as approximating the 'interactive, manipulable and intrusive' heat of the sauna rather than the 'neutrality' of the thermometer.

For USAID to continue to move in this more realistic and flexible direction would seem to require the Agency to incorporate a creative mix of quantitative and qualitative indicators. In many (not all) cases it should

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eschew perfection and high levels of quantitative accuracy. Rather, the objective should be to select indicators that, while not accurate enough for a detailed performance audit, are sufficiently reliable and valid for an appreciation (by different observers) of important trends in democracy. The indicators would also need to be open to narrative explanations that, amongst other things, would have the capacity to anticipate and explain different levels, including modest ones, of impacts and of attribution, and of trends that are non-linear. And finally, they would need to be nuanced and innovative enough to anticipate externalities and capture qualitative progress.

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MAINTAINING A DISTINCTIVE PUBLIC ADMINISTRATION: THE ISLE OF MAN CIVIL SERVICE SINCE 1962

PAUL CARMICHAEL

Emphasis on 'globalization' within academic literature is reflected in the contention within public administration that the prescriptions of the New Public Management are an inescapable fact of life from which states have little scope for resisting. However, variation persists both between and within countries. Since 1997, devolution within the UK and novel intergovernmental structures occasioned by the Belfast Agreement for Northern Ireland have transformed the territorial governance of the UK and the wider British Isles, providing further evidence of the differential impact of NPM. In seeking a better understanding of these differences, examination of the administrative arrangements of small communities or micro states can offer fascinating comparative insights into the workings of larger states, especially those with whom they enjoy a direct relationship. Frequently, however, small communities are overlooked in favour of studies of countries with more political weight. The micro states of the British Isles (namely, the Isle of Man and the Channel Islands) illustrate the point. However, with a few notable exceptions, relatively little is published. To correct this deficiency, this article seeks to explore developments in the Isle of Man, specifically its civil service. In so doing, the article aims to broaden our understanding of the changing governance not only of the Isle of Man, but also of the UK and beyond.

INTRODUCTION

It has been argued that 'globalization' is the 'leading social science mantra' of the age, 'used to account for almost all changes in Western European and North American politics' (Pierre and Peters 2000, pp. 56–7). On that basis, given its seemingly all-encompassing explanatory power, globalization has been linked with many developments in modern governance. Leach and Percy-Smith (2001) have suggested that, 'global markets, multinational capital and developments in global communications have made it more difficult for the governments of nation states to insulate their domestic economic, social and political system from external pressures. The capacity of national governments to control events has been weakened' (p. 39). Certainly, many old verities in public administration have been challenged by the impact of various public sector reforms, loosely grouped under the umbrella term 'New Public Management' (NPM). As a global phenomenon, NPM has been a 'policy ambition' for international organizations such as the OECD (1995) and World Bank (1992) that go to great lengths to encour-

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age it (Bevir and Rhodes 1999, p. 221). In the UK, for example, Bevir and Rhodes (1999) contend that NPM has at least six elements: privatization – the sale of public assets to the private sector; marketization – the use of market mechanisms in the delivery of public services; corporate management – introducing private sector management in the public sector; decentralization – deconcentration (of administrative responsibility and managerial authority) and devolution (of political authority); regulation (oversight and audit of institutions); and political control (over the civil service). And, as elsewhere, the impression has been fostered in the UK that NPM entails an ineluctable logic, resistance being futile. NPM has necessitated changes in how we conceptualize territorial governance and intergovernmental relations. A fruitful insight into the impact of NPM is to consider the comparative dimension and a rich literature has indeed emerged (for example, see Hood 1995; Rhodes 1998). Rhodes (1997) and Dearlove (2000) have argued that the trends, coverage and focus of NPM reforms all vary across different states, refuting the belief that states do not have choices. However, while comparisons with other Western countries remain germane, they are 'not British'. While in no way diminishing such international comparative analysis, a valuable complement is to consider evidence from much closer to home – here, the offshore small, independent political communities (or 'micro states') of the British Isles archipelago, namely, the Channel Islands and the Isle of Man.

Micro states typically have populations below one million, indeed, even below one hundred thousand inhabitants. Nonetheless, 'though neglected as a subject for study, [micro states] can offer fascinating insights into the workings of political systems' (Yates 1982, p. 1). Templeton and Richards (1981) argued persuasively that much could be learned 'from the study of communities where the influences connected with the operation of politics and government can often be more plainly seen than in a large state' (p. 322). The issues are conducted in miniature but are no less relevant and enlightening. For example, consider the perennial dilemma posed by the twin but potentially conflicting imperatives of maximizing economic wellbeing versus retained sovereignty, where concessions towards one might compromise the other, a predicament that lies at the heart of the debate over determining the appropriate balance of power between local, regional, national and supranational/international levels of government.

Despite being in the UK's backyard, the Channel Islands and Isle of Man are 'politically and constitutionally separated from our familiar Westminster/Whitehall pattern' (Templeton and Richards 1981, p. 322). Thus, hitherto, little serious consideration has been given to their potential relevance. Of the Isle of Man, for example, Belcham (2000b) complained that, amid the devolution experiment unfolding on the British political agenda, this 'land of home rule' remains largely excluded, 'yet to find a place, despite its geographical position' (p. 2). Yet, as Belcham observed, for decades, the Island retained its differentials, 'no mean achievement as

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successive British governments, driven by administrative convenience and ideological imperative, displayed decreasing tolerance for anomalies and deviations from fiscal, constitutional and other norms' (p. 4). The Island has resisted full-scale assimilation. Several more recent developments now further justify an examination to bridge the gap in the literature. First, with their multi-billion pound financial services industries, the UK has a considerable vested interest in these offshore tax havens, since any economic implications dwarf the Islands' small populations. Additionally, there is a growing international dimension to this point – witness growing scrutiny from the European Commission. Similarly, the British Government's responsibility for the Islands' external affairs has been underscored by the UK's Human Rights Act 1999. Such justifications are accompanied by the Islands' increased saliency under the Belfast Agreement's (1998) provisions for a new British–Irish Council (the Council of the Isles) encompassing all sovereign governments and subordinate administrations within the British Isles. Since representatives and officials of these Islands are now more visibly involved in the web of intergovernmental fora spanning the British Isles, there is merit in learning more about their administrative systems. In so doing, it is not inferred that these micro states offer a model that might be crudely replicated in a devolved part of the UK. Rather, they can enable a better appreciation of the UK's changing internal territorial governance.

To that end, this article is essentially descriptive, providing a case study examination of the Isle of Man Civil Service (IMCS), an area that itself suffers acutely from lack of enquiry. Notwithstanding earlier exceptions (Kermode 1968, 1973, 1974, and 1979; Yates 1982), the dearth of published work on the topic has only been partially addressed more recently (chiefly, Solly 1994; Kermode 2000; and Ramsay 2000). Hence, to remedy matters, the article provides an account of the changes since 1962, a turning point in Manx (the Isle of Man's) public administration. It notes the extent to which the ICMS varies from UK custom and practice. The article presents a form of differentiation that may emerge within the UK as devolution becomes more firmly established. It begins with a brief overview of the constitutional and political context of the Island; its most substantive section then focuses on the changing nature of the IMCS. Finally, conclusions are offered as to possible implications for the civil service and wider public administration within the UK and the Island.

THE ISLE OF MAN

Constitutional position

The Isle of Man, situated as it is in the Irish Sea, is geographically poised at the centre of the British Isles. The population of c.73 200 (1998) is growing at one per cent per annum. The Royal Commission on the Constitution (the Kilbrandon Report 1973) that examined the constitutional arrangements within the UK, Isle of Man and Channel Islands, provides the most recent and authoritative statement of the constitutional position (reiterated in the

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Edwards Report on Financial Regulation 1999; see also Belcham 2000b). Kilbrandon confirmed the Isle of Man's precise status as a self-governing Crown Dependency.

Since Revestment (when the British Crown bought back the Island under feudal rights) in 1765, the Island has enjoyed a special relationship with the UK (Richards 1987). In the century that followed, the Island was 'governed virtually as a crown colony [though] direct rule from Britain proved unpopular' (Woodman 1997, p. 603). The British Monarch is the Head of State, styled 'Lord of Mann', though the Lieutenant Governor (known as 'the Governor') has been the Crown's personal representative on the Island, appointed for five years (on the Home Secretary's advice after consultation between UK and Manx Governments). However, the relationship between the UK and the Isle of Man has changed steadily over time from a fully-fledged gubernatorial system to (today) one involving ministerial government. The starting point for what has been a gradual process of devolution was, according to Kinvig (1975), the year 1866, which marked a watershed in Manx history witnessing the first full elections (conducted along prevailing British lines). While the UK government retains the power to legislate for the Island in all respects, it has progressively refrained from so doing. A further string of Westminster Acts, from 1887 to 1979, steadily transferred legislative, financial and executive powers to the Island, allowing the Island to legislate for itself. Westminster's Isle of Man Act 1958, in particular, marked a major devolution of legislative power to the Island's legislature and secured the formality of 'regional self-government' and 'competent representative government' for the Island, starting a 'lengthy but ultimately successful campaign by the Keys [the lower house of Parliament] for a transfer of power within the Island, from the Governor to Tynwald [the Island's Parliament] and within Tynwald to the elected chamber' (Kermode 2000, p. 159). The Island's 'special status' after 1958 allowed it to choose when to follow the UK, when not to and when to develop distinctive Manx policies.

Another illustration of the Island's unique constitutional position concerns Europe. The Island is not part of the European Union (EU) though enjoys a special relationship with it by virtue of Protocol 3 of the UK Act of Accession to the European Community. In effect, the Island was included in the European Economic Community (EEC) solely for the purpose of the free movement of industrial and agricultural goods, enjoying rights to trade within the EU but with a corresponding requirement to observe the EU's single market rules. Thus it applies the Common Customs Tariff (though Manx customs and excise are completely independent of the UK) and equivalent measures to those operated in the UK under the Common Agricultural Policy. The goods of Manx traders thus enjoy free circulation throughout the EU. That said, there is no Treaty with the EU, no funding is forthcoming nor contributions made. Generally, the Islands' Government is briefed on international developments in meetings held every six months

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with the UK Home Office, together with representatives of the Governments of the Channel Islands. An annual Inter-Island meeting between the Isle of Man and the Channel Islands considers matters of mutual interest. In addition, albeit driven by different imperatives, following the Belfast Agreement (1998) in Northern Ireland, the Isle of Man Government participates in the new British–Irish Council. Thus today, reflecting a desire for 'the best of both worlds', the Island enjoys significant internal legislative and political autonomy. The UK, however, remains responsible for defence and foreign relations, for which the Island makes an annual contribution.

For one Home Office official (in a private interview), the relationship between the Isle of Man and the UK is 'now identical' with that of the Channel Islands and the UK. The Isle of Man has a proposed new residency law, and with this the Island seeks to emulate Jersey and Guernsey, an autonomous part of the British Isles that sets its own immigration policy (*The Economist* 2000, p. 44). Moreover, although within the 'sterling area', the Island's economy is managed separately from that of the UK – although it is inextricably linked to it. Per capita income is 82 per cent of the UK average although the gap is closing steadily. The Island is financially self-sufficient and independent, although it has reciprocity with the UK in respect of customs and excise (the 'common-purse' arrangement), National Insurance, and so on. The Island is a low tax area enjoying total independence from the UK on matters of direct taxation with low corporate and personal taxation, and no capital transfer or inheritance taxes. Moreover,

> Fiscal policy has begun to diverge further from that in the United Kingdom: income tax has always been substantially lower, now indirect taxes have begun to differ.... The Manx government now enjoys almost all the autonomy it could have, both from the United Kingdom and from the European Union – of which it is only an associate member. As a result, there is little support for full independence. (p. 44)

That said, the Island's autonomy is circumscribed. For example, the current Residence Bill was drafted so that it did not infringe general UK immigration policy while indirect taxation remains subject to the constraints inherent in the 1979 Customs and Excise Agreement.

Parliament and government

The Isle of Man has its own parliamentary system. Its legislature, the High Court of Tynwald (styled 'Tynwald'), is the oldest surviving legislature in the world (having celebrated its millennium in 1979), comprising three elements – the Sovereign, the Legislative Council and the House of Keys. The upper house is the Legislative Council. Until 1919, it was composed entirely of appointees chosen by the UK Government. Steady democratization means that today it is composed of 11 Members of the Legislative Council (MLCs). Two members are *ex-officio* Crown-appointees, namely, the Attorney General and the Lord Bishop, plus the President of Tynwald (who

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also presides over sittings of the Legislative Council). The remainder are elected from the Lower House, the House of Keys, one of these being appointed President of the Legislative Council. Before 1980, the Tynwald President had been the Lieutenant Governor but the President is now chosen from among the 24 Members of the House of Keys (MHKs) from the Lower House. MHKs are elected by universal suffrage. From 1986 until 1996, the Island employed a form of Single Transferable Vote as its electoral system before reverting to the former simple plurality ('first past the post') system. The House of Keys itself is presided over by the Speaker. The Island has no real party politics as such – most candidates are 'independents', 'invariably with conservative policies' (Yearbook 1998, p. 42). That said, most MHKs have been willing to emulate UK Liberal, Coalition and Labour Governments as well as those led by Conservatives, to be radical when necessary to promote the Island's economic interests, and to defend and promote the welfare state and the public sector when both were under attack in the UK. For instance, over the years, the Manx Labour Party has been quite influential in promoting socially progressive legislation, sharing power as part of such bodies as the War Consultative Committee, the Executive Council and the Council of Ministers. Since 1981, no 'nationalist' party has contested elections. Tynwald itself is made up of a reasonably disciplined group of ministers. Like Westminster, most legislation is introduced into House of Keys by the government and must be accepted by both houses, although the Legislative Council is able to exercise only a delay rather than a veto. Once having been approved in both houses, legislative bills are sent for Royal Assent (now, usually given by the Governor) and the 'actual process of enacting legislation follows closely the pattern of Westminster' (Quayle 1990, p. 128).

Yates (1982) contended that the Island's system of public administration exhibited 'hybridity'. That is, the allocation of functions within the system, the attitudes of actors in the decision-making process, and the procedure adopted for the making and implementing policy displayed 'a unique combination of features from central and local government in Britain and its own response to need' (p. 15). Overall, the basis for her belief that the concept of hybridity underpinned any understanding of the Island's public administration was that the system was 'small, fragmented, multi-functional and responsible to an elected body' (p. 3). However, since the Second World War, the Island's system has also witnessed a steady shift from gubernatorial to ministerial government. Originally, devolution to the Island involved delegating certain executive functions to 'Boards' composed of members, including some (but not all) drawn from Tynwald (see table 1). The Manx system of Boards was more similar to a local government committee system than to the central ministerial pattern. The traditional vertical pattern of an elected body heading an appointed department was apparent in both systems although Tynwald Boards each had considerably more autonomy (Yates 1982, pp. 15–16). Second, like UK local authorities,

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TABLE 1 The structure of the Isle of Man Government (as at 1978)

Main departments	Boards constituting part of the Isle of Man Civil Service	Boards responsible for their own recruitment
Government Office	The Board of Agriculture and Fisheries	The MER Board
The Treasury	The Airports Board	The Electricity Board
The General Registry	The Assessment Board	Isle of Man Post Office Authority
The Income Tax Department	The Civil Defence Commission	
The Attorney General's Department	The Board of Education	
Public Analyst's Department	The Forestry, Mines and Land Board	
	The Harbour Board	
	The Health Services Board	
	The Highway and Transport Board	
	The Local Government Board	
	The Board of Social Security	
	The Tourist Board	
	The War Pensions Committee	
	The Water and Gas Authority	

Source. David Kermode *Devolution at work: a case study of the Isle of Man.* (1979), © the author, reproduced with permission

Tynwald did not limit itself to rule making alone but also made executive decisions while having responsibility for the overall financial control and direction of government policy. Third, like local authorities (and unlike Westminster), all Tynwald members held government office. Fourth, the role of Chairman of a local authority committee was similar to that of a Board Chairman. Since the number of Boards had grown while the body of Members of Tynwald remained static, more members sat on two or more boards. Yet while displaying many features of a local government board system, Yates (1982) believed that officers and politicians shared a 'civil service mentality', anxious to maintain the image of being a 'national' government. In that sense, there was a 'much greater affinity with central than with local government in Britain' (p. 20).

Over time, more executive functions were delegated to these Boards of Tynwald (Yates 1982, p. 4), not least as the role of the state in society expanded. However, levels of co-operation and co-ordination between the respective boards were 'not always as great as might be imagined [because] the ability to co-ordinate effectively the activities of Boards decreased by the same factor as their independence increased through the devolution of the Governor's powers' (Quayle 1990, p. 130). That process of devolution had begun in 1946, when, recognizing the need for co-ordination of the Boards' activities, as well as the desire to spread the Governor's executive role, a consultative body was created called the 'Executive Council', known

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locally as 'Exco' (Richards 1987, p. 390). Whitehall envisaged that Exco would be an 'embryonic Cabinet', particularly after the physical presence of the Governor himself ceased except in the case of a limited number of occasions. The most fundamental change came following the Commission on the Constitution, set up in 1958. Under the chairmanship of the Chief Justice of Northern Ireland, Lord MacDermott, the Committee's Report (1959) argued that the Island's constitutional relationship with the UK should remain essentially unaltered, although, on internal governmental arrangements, MacDermott was broadly sympathetic to the Keys' demands. The Report signalled the end of the Legislative Council's parity with the House of Keys since its right of veto was replaced with a delaying function akin to the UK House of Lords. The new arrangements ended the Governor's appointment of nominees to the Legislative Council and allowed for all but two of the Legislative Council's membership to be elected from the House of Keys – a nesting effect similar to that of the Norwegian *Storting*. A Finance Board and the post of Government Treasurer were established. Exco was made up of five members from the House of Keys and two from the Legislative Council. These were chairmen of the major Boards of Tynwald. Exco in turn had 'the duty of advising the Governor on all matters of principle, policy, and legislation' (Kinvig 1975, p. 167). Whitehall's expectations, however, did not materialize, given the lack of a party system. Exco's members' loyalties to Tynwald were 'too strong to accept the authority of a new body or to give its members a chance of generating a sense of collective responsibility' (cited in Richards 1987, p. 396). Put simply, there was no prime ministerial position or effective cabinet-style *responsibility* (Kinvig 1975, p. 167). However, while Exco lacked executive powers, it enjoyed influence, especially as government responsibilities were transferred to the Boards of Tynwald. Exco functioned like the House of Keys had done in the early days of its life as a 'sounding board for the Governor' (Quayle 1990, p. 130).

Throughout the post-war period, the Governor retained his executive functions for all areas not devolved, although he depended on Tynwald for the resources needed to discharge his duties. After 1977, however, the Governor's powers declined dramatically. That year, his responsibility for the Budget (as advised by the Finance Board) ended. In 1980, he ceased to be the Presiding Officer of the Legislative Council. Though continuing to preside when both Chambers met together in Tynwald as a whole until 1990, the Governor was then replaced in that role by an elected President of Tynwald, whereupon his role was restricted to presiding over Tynwald's annual open-air ceremony at St John's (the Viking site of Tynwald) for the promulgation of Acts.

Until the 1980s, other changes in governmental structures were piecemeal. Partly, they reflected the fact that the Manx Government's functions ranged from traditional local authority tasks such as housing and social services to central government responsibilities such as economic manage-

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ment. Concurrently, the Island's small size and population also meant that its government performed functions often discharged by quangos in the UK (Yates 1982). However, the 'process of constitutional change throughout the 1960s and 1970s had left a "vacuum" at the centre of government' (Ramsay 2000, p. 185). Exco was not representative of the whole of Tynwald. Pressure intensified for a further democratization of the Island's governmental arrangements and, by implication, enhanced autonomy, with pressure to streamline the Board's system into a smaller number of ministries or departments (Richards 1987, p. 396). In 1983, the Tynwald Select Committee on Constitutional Issues, headed by the Exco chair, Percy Radcliffe, recommended introduction of a ministerial system with a chief minister elected by Tynwald to head a council of ministers in charge of the main areas of government. A subsequent Tynwald committee, under Radcliffe's successor, Edgar Mann, produced a more specific proposal involving a new nine-department structure, each one headed by a minister, with Exco renamed as the 'Council of Ministers'. Tynwald adopted these recommendations and, from 1986 to 1990, a series of legislative measures – chiefly, the Constitution (Executive Council) Amendment Act 1986, the Government Departments Act 1987, and the Council of Ministers Act 1990 – transformed the nature of Manx governance (Ramsay 2000).

Thus, the Chair of Exco (known as the Chief Executive), who was informally being referred to as the 'Chief Minister' from 1987, was formally styled as such in 1990. The reform introduced a system that was 'much more comparable with that of a prime minister's than ever before' (Yearbook 1998, p. 48). The Chief Minister is chosen by a majority of the House of Keys although formally appointed by the Governor. In turn, the Chief Minister appoints a nine-member Council of Ministers (a Manx Cabinet) that operates according to collective responsibility. Essentially, the Council differs from Exco insofar as the former was a consultative body answerable to the Governor whereas the Council is answerable to elected members of Tynwald. Ministers are Tynwald members (either MHKs or MLCs) and their appointment requires Tynwald approval. The Government Departments Act 1987 sets out the general statutory authority for each minister. Each minister, along with a couple of 'junior ministers' (who are empowered to deputize), is responsible for the work of a Department (see table 2). Ministers became accountable inasmuch as they must explain to Tynwald the exercise of their powers. Ramsay (2000) contended that the ministerial system had ensured more efficient co-ordination of the functions of government while concentrating authority and accountability.

Some Boards remained, notwithstanding the switch to Departments, and these discharging public services spanning those of both central and local government in the UK. In general, the relationship of each remaining Board with the Council of Ministers is mediated through the Departments. Nonetheless, the Departments account for the great bulk both of the government's personnel and budget, being the principal agencies through which

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TABLE 2 The Structure of the Isle of Man Government (as at 2001)

Main departments	Statutory boards
Agriculture, Fisheries and Forestry	The Office of Fair Trading (formerly
Education	Consumer Affairs)
Health and Social Security	Financial Supervision Commission
Home Affairs	The Insurance and Pensions Authority
Local Government and the Environment	Post Office
Tourism and Leisure	Water Authority
Trade and Industry	Manx Electricity Authority
Transport	Communications Commission
Treasury	

Source: Isle of Man Government, reproduced with permission

public services are provided. They are 'responsible for over ninety per cent of public expenditure on the Island raised through central government taxes, the rest being met by the twenty four local authorities and financed from rates' (Yearbook 1998, p. 46).

Concurrently, there has been a steady revision of the procedures for responding to UK legislation. Usually, all UK legislation affecting the Island is communicated in advance through the Governor and Council of Ministers who then advise Tynwald. Until the 1980s, the Island generally followed UK policies regardless of which party introduced them at Westminster. Thereafter, it became increasingly common for duplicate Manx Bills to be drafted, printed and legislated separately rather than to simply 'rubber stamp' the corresponding UK Acts. Thus, while reciprocal arrangements exist with the UK on various policy areas (such as Customs and Excise, currency parity, healthcare, law and order), the Island's other arrangements are separate. Any contacts are *ad hoc* ones and made for mutual benefit.

THE ISLE OF MAN CIVIL SERVICE

Reflecting the Island's autonomous nature, its civil administration has always been separate from that of the UK. Moreover, reflecting the governmental system, the IMCS enshrines functions that would be performed by local authorities and quangos as well as central government in the UK. Broadly, the present system is a result of the Isle of Man Civil Service Act 1962 (amended in 1986; both the 1962 and 1986 Acts were then repealed in 1990 – see below). Until 1962, control of the Civil Service remained with the Governor; civil servants were officers of the Boards. From 1962, they became officers of the Crown (Solly 1994, p. 326). The 1962 Act

> provided for the establishment of a unified civil service and transferred to a Civil Service Commission the powers previously exercised by the Lieutenant Governor with regard to civil service appointments.... [Under it] no civil servant can be dismissed without his consent. (Kermode 1979, p. 58)

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Regarding the legislature, the Deemsters (justices) and Attorney-General were appointed by the Crown on the advice of the Governor from among the Manx legal profession. The overwhelming majority of government officials are now members of the IMCS. Other senior appointments (that is, the Government Secretary and the Treasurer) were on the consent of the Governor and, for chief executive officers, of the relevant Board. All other appointments and promotions were the sole responsibility of the Civil Service Commission which at the time benefited 'from co-operation with the UK Civil Service Commission' and which consulted 'with the Departments and Boards requiring servicing' (Kermode 1979, p. 98). The Government Secretary was the overall head of the Civil Service, being 'in a position of considerable power and influence' (Yates 1982, p. 5). Terms and conditions of service were laid down in the Civil Service Regulations as agreed by the Whitley Council for the Civil Service and the Island's only civil service trade union, the Government Officers' Association (GOA).

Between 1986 and 1990 the Island effectively replaced its gubernatorial system with a system of ministerial government; further reviews were then undertaken. At the request of the Island's Civil Service Commission, the Governor wrote to the Parliamentary Under-Secretary of State in the UK Home Office, seeking assistance from the UK Treasury's Staff Inspection and Evaluation Division (SIED) (private interview). The subsequent report highlighted the shift in emphasis from the Civil Service fulfilling a largely administrative role, to one which stressed the need for the principle of management to become embedded. According to one trade union source, however, the role of the Civil Service did not really change as a result of the switch from Boards to Departments. This source has suggested that, when the existing Boards were amalgamated into Departments, the Boards retained their identity within the new departments. While Boards had Secretaries, the new Departments had Chief Executives, although some of the Chief Executives were former Board Secretaries who had been 'promoted'. 'Arguably, the Board system and other changes would have evolved anyway, even without the switch to the Departments. Certainly, most lower graded civil servants were not materially affected by the changeover' (private interview). Another management source contended that where the Ministerial system 'has made a difference is at higher levels. Senior civil servants are accountable to the Civil Service Commission for failings and to ministers for action. The new system gave an awful lot more authority to the Minister than in the Board system' (private interview). The 'ministerial system represents a more structured arrangement in which it is easier to get answers from those at the top. It is more difficult for ministers to "pass the buck" since the system now creates clearer lines of accountability. Departments have much more autonomy and this, paradoxically, makes accomplishing things centrally more difficult. For example, with the central purchasing unit, while cross government co-operation is not impossible, ministers fight for their fiefdoms, making it difficult' (private interview).

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While Royal Prerogative dictates much of the fundamental policy and procedure regarding the UK Civil Service, in the Isle of Man, the Civil Service Act (1990) provides the equivalent statutory base. Concurrent with the creation of a Chief Minister, in Section 7 (1), the Act provided that the senior-most civil servant, the office of Government Secretary, be renamed 'Chief Secretary'. The Act defined the Civil Service as comprising: 'all persons appointed for service with the Government, or with any Department or Board, which is wholly or mainly administrative, professional, technical or clerical' (paragraph 1.2). It confirmed that: 'A civil servant when carrying out his duties shall be an officer of the Crown and a public servant' (paragraph 1.3). In addition, the same Act reformed the Isle of Man Civil Service Commission. As the top Civil Service body, the Commission has no formal links whatsoever with its UK counterpart. The Commission is a political body comprising: a chairman who is a member of Tynwald and appointed by the Council of Ministers; one person, not being a member of Tynwald, appointed by the Council of Ministers; and, the Chief Secretary (paragraph 2.1). Ultimately, the Commission decides on the appointment and dismissal of civil servants, in consultation with ministers, to ensure impartiality and independence.

Beyond the Civil Service Commission, the Personnel Office, formed in 1987, does not fall directly under the control of any one Department or Board. It exists instead to provide secretarial and administrative support and advice to the Council of Ministers, the Civil Service Commission and the employers' side of the Whitley Council for public sector (manual workers) on the maintenance and development of sound, consistent policies and practices across government. It maintains close links with the Council of Ministers. The responsibility for determining general personnel management policies is vested in the Council of Ministers, acting on the advice of the Personnel Office on behalf of the Civil Service Commission. There are some 1800 civil servants (including part-timers) for whom the Personnel Office is the 'employer'. Since most public employees on the Island (some 5800) are not civil servants, the Personnel Office, in relation to these staff, works closely with the employing authorities to ensure that the government's Personnel Policy Objectives are met throughout the public service.

Operating principles and organizational culture

The operating principles of the Civil Service have paralleled those of the UK Home Civil Service. Within each department, permanent officers and administrators at the top of the local structure advise the politicians. Beneath these senior officers are the administrative, technical, professional and clerical officers. Formally, civil servants are responsible to their Ministers for their actions and conduct. Civil servants in the Statutory Boards are responsible to the appropriate authority, the Chief Officers, as though that authority was a Minister. Civil servants are expected to offer informed and impartial advice, then to loyally implement Ministers' decisions. 'Civil

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servants are officers of the Crown. For all practical purposes, the Crown in this context means (and is represented by) the Government of the day. The civil service has no constitutional personality or responsibility separate from the duly constituted Government of the day' (IoM 1992). As in the UK, the Official Secrets Act applies. The Civil Service is a non-political and professional career service subject to a code of rules and disciplines. Deserving and retaining the confidence of Ministers is 'the indispensable foundation of a good relationship between Ministers and civil servants'. Politically motivated appointments at senior level within the Civil Service are 'not an acceptable alternative' (IoM 1992, para.5.2). In all appointments to a Department or Board, there must be consent from the Chief Executive Officer or an officer of the grade of Open Structure Grade 7 or above in the Department concerned. In cases where a civil servant feels that they are being asked to do something improper, unethical or in breach of constitutional conventions, thay may report the matter to the departmental Chief Officer or, in a case where the Chief Officer is involved – the Chief Secretary. If there is a reluctance to act on grounds of conscience, a similar procedure is followed though; ultimately, if a resolution cannot be found, the employee's resignation is the only option (paras.6.2 and 6.3).

Interestingly, the notion of individual ministerial responsibility is attenuated. 'Ministers are accountable for the conduct of their Departments, [but] it is not the case that Ministers are required or expected to resign in respect of any and every mistake made by their Departments, though they are clearly responsible to Tynwald for ensuring that action is taken to put matters right and prevent a recurrence' (IoM 1992, para.7.3). Effectively, a form of bureaucratic subsidiarity exists. The Guidelines state that: 'As a principle, it is best that decisions are taken at the lowest possible level and well-established, clear policies, accompanied by a formal scheme of delegation, pass authority down the organisation' (para.8.1). Indeed, as Yates (1982) observed, 'in a small hierarchy such as that of the Isle of Man Civil Service, the degree of delegation to the lowest levels is maximised and thus lower ranking officials have a greater influence on policy through their interpretation and implementation of it' (p. 24).

The administrative culture pervading the Island's Civil Service (and wider public administration) reflect certain values and beliefs that

> lead to a mode of operation characteristic of a small, semi-independent community. These values are Royalism/loyalism, autonomy for the Island, and 'small is beautiful'. These three characteristics combine to produce an inferiority complex that has come to affect all aspects of Manx government operations. ... it is accepted unquestioningly that the British Civil Service is 'the best in the world' and that its example is so valuable as to obviate any further study of the principles of public administration or its practice in other countries. (Yates 1982, pp. 6–7)

In general, interview evidence indicates that such sentiments continue to

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the present. That is, an innate conservatism spanned both the Civil Service and Manx society generally. Attention to how other systems might operate was confined to the UK Home Civil Service with little regard paid to 'the conceptual frameworks within which administration is pursued and the principles on which it is founded elsewhere', the knowledge of how government works being 'derived solely from experience and socialisation' (pp. 7–8). The belief that 'small is beautiful' involves informality in the communication system that 'results in a heavy reliance on personalities' (p. 10). 'Kinship and social ties can infringe on the working life of the bureaucrat in a system where the state and society are closely linked' (p. 10). Where 'everyone knows everyone else', principles such as anonymity and impartiality may be compromised.

Yates discerned a parallel between the Isle of Man's experience and that of the Republic of Ireland, quoting Basil Chubb's reflections that, she believed, applied equally to the Island:

> The British influence in Ireland arises from the small size of Ireland in the geographical context of nearness, the historical context of political dominion and social and economic dominance and the intellectual context of similarity of language and cultural blanketing. (1971, p. 313)

A similar pattern has been noted *within* the UK in respect of the Northern Ireland Civil Service (Carmichael 2002). Yates termed the similarity between British and Manx practice as the 'imitation syndrome' (p. 11). Necessarily, direct comparisons with the UK are limited. Equally, the Isle of Man is heavily dependent on and influenced by the UK and provides a possible pointer to how a devolved polity could develop. Moreover, as a small polity, it is run on British lines adapted to the prevailing local particular circumstances, while being highly selective in introducing (*mutatis mutandis*), very selectively, New Public Management-type reforms. The Isle of Man has been experimenting with increased divergence from standard British custom and practice (not least because what constitutes 'standard' in the UK is now disputed) in both policy and procedure. Even as Yates (1982) herself acknowledged, imitation is qualified: witness the fact that the long-standing tendency of many statutes passed by Westminster to pass through Tynwald virtually *verbatim* has now lapsed. Thus, while it was 'an integral part of the complex of beliefs relating to Manx government that what Britain does today, Mann does tomorrow' (p. 12), analysis of the claims of imitation reveals that 'far from being blind and complete it is, in reality, highly selective' (p. 13). Yates believed that 'it is in the area of procedure that wholesale imitation of British practice is likely to be difficult since the procedure adopted will depend upon the principles by which the system operates. These principles conflict greatly in Mann due to the persistence of traditional views whilst modern ones become accepted' (p. 19). Divergence has only gathered pace in the intervening years. However, in exercising its autonomy, the Island remains constrained, not least by the growing

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impact of the EU dimension. EU membership has changed UK IGR 'from dyadic to triadic relationships between local-regional governments, national government and supra-national government' (Rhodes 1997, p. 8). In turn, given the UK government's international obligations for the Isle of Man, the Island's government operates within a very particular international context but one that nonetheless entails curbs on the Island's autonomy. For example, the European Commission has been increasingly exasperated with the Island's tax haven status (along with that of the Channel Islands amongst others) posing an unacceptable distortion to the Single European Market. The European Commission has brought growing pressure on the UK authorities to more closely monitor and, if appropriate, regulate the activities of the Island's major financial services sector.

Industrial relations

Predictably, relations between employers and employees are necessarily closer and, in the main, more harmonious than in larger jurisdictions. While the Personnel Office represents the management side, the Government Officers' Association (GOA) represents civil servants. The GOA has doubled membership in recent years to approximately 1150. The GOA is a purely Manx organization with an unpaid executive council of 12 members. Recently, it has become a branch of the UK Institute of Professional Managers and Specialists (IPMS): 'to give us more clout' (private interview) and it benefits from being able to call on a national officer of the IPMS who acts as an advisor. In the main, however, the GOA works independently. Interviewees stressed the subtle interplay of staff in the service and the wider small community. Simply, it is much less possible as a civil servant in the Island to separate professional and personal personas. Everyone is known outside the organization as well as in. A complex and subtle set of personal interrelationships results in mutually reinforcing pressures to underplay conflict and preserve peaceful coexistence. Thus, there is a temptation to be conservative and avoid conflict – anything for the quiet life. As the Civil Service Commission noted (CSC 1985), 'despite inevitable difference in emphasis on the topics arising [...] there has been a constructive spirit of co-operation in dealing with problems reflecting a mutual recognition of each other's difficulties and, by and large, matters have been resolved satisfactorily' (p. 11). Today, as one trade union official remarked, labour relations remain 'generally quite good' with disputes and issues often being resolved informally (private interview).

With the establishment of the modern IMCS in 1962, the establishment of a Whitley Council followed in 1963. This was totally separate and distinct from the Whitley arrangements in the UK. The Civil Service Act 1990, saw the end of the Whitley Council for the Civil Service on the Island. Currently, industrial relations are mediated via a Civil Service Joint Negotiating Committee (JNC), formed in 1991. The JNC is comprised of up to five representatives of the Civil Service Commission (either mem-

bers or officers of the Commission or persons authorized to act on its behalf) and up to five representatives from the GOA (either members or others authorized to act on its behalf). The Chairman of the Civil Service Commission presides. The JNC must meet at least twice yearly though meetings are more frequent. It offers 'consideration of the best means of utilising the ideas, knowledge and experience of civil servants with a view to promoting efficiency, smooth working and economy' (Yearbook 1998, p. 216). Where agreement between the two sides cannot be reached, disputes can be referred to either an Industrial Relations Officer or to independent arbitration under the terms of the Civil Service Arbitration Agreement, 1991.

Management reforms

Generally, the Island has operated 'a few steps behind the UK' in respect of management reforms. Partly, this is a function of size – many reforms would simply be impossible given the size of the IMCS. The Manx Government can cherry pick those UK policies regarded as successful and compatible with local circumstances while avoiding those that fail or which are deemed unsuitable. Thus, there is no enthusiasm for either privatization or marketization of government activities. Given its size, decentralization hardly applies internally on the Island, with no interest in agencification (deconcentration), for example. However, the steady increase in the Island's autonomy from the UK over policy might be construed as evidence of further decentralization in a political sense (devolution). Political control has grown inasmuch as the ministerial system has given elected politicians more influence over policy and its implementation than existed under the gubernatorial system.

One area where NPM has made some impact, however, is in respect of corporate management, involving the introduction of private sector management techniques. However, even this has been qualified (see section on *Training*, below). In 1998, the Manx Government launched its strategic programme for the public service entitled 'The Way Ahead', which was the Island's own quality initiative, aimed at promoting better value for money, partnership and responsiveness in public services. *Inter alia*, the initiative has unfolded similarly to developments in UK Government. The 'Business Excellence Model', for example, exists as an option that government departments may choose to employ if they feel it is appropriate – it is an option that is not imposed. For one official, 'We are not a business but we operate in a business-like way' (private interview). Initiatives such as 'Investors in People', public sector benchmarking, delegated financial management, and the development of business plans are also used. Overall, the government is committed to operating in a 'more business-like way' with a 'greater emphasis on strategic planning for its human resources' (IoM 1998a, p. 33). The shifting emphasis in managing human resources has particular implications for pay and conditions of service (see below).

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Pay and conditions

Traditionally, salary, pension and in-service benefit changes agreed in the UK would be read-over and applied in the Isle of Man (private interview). In 1972, the Civil Service Commission reported that: 'Changes made in the UK Civil Service Pension arrangements should apply to the Manx Civil Service *in order to maintain parity*' (our emphasis) (CSC 1972, section 10, p. 4). Some civil servants are still paid on a par with UK pay scales. For example, the Civil Aviation Authority's pay rates for air traffic control staff apply to similar personnel in the Isle of Man. Similarly, prison officers, who are classed as civil servants in the Isle of Man, are paid on the equivalent appropriate UK scale. The Civil Service pay scales for the General Service class track those of the UK although a number are paid more than their UK counterparts (private interview). In addition, while the titles of jobs are the same as those in the UK, there any proportionately many more senior civil servants in post in the UK – grade 5 is the highest in the Isle of Man. Progressively, pay and conditions of service have diverged from the UK path. Greater local collective bargaining now occurs in the Island. In part, the divergence reflects choice but also necessity. Local circumstances (such as rapid economic growth and concomitant pressures on employment) as well as the government's wish for greater autonomy of action might have been expected to occasion some change. However, the demise of collective bargaining in the UK makes it difficult to identify a single benchmark against which to operate. 'We shadowed the UK until 1997 but agencification meant that there is no uniform agreement in the UK to follow'. Instead, 'we have our own mechanism' (private interview). It is not even a shadow arrangement since there are no formal ties of any shape or form with the UK Civil Service. Hence, in 1990, formal pay parity with the UK ended. One official remarked: 'We have been forced to change because of change in the UK but we don't want to blindly follow the UK changes. We have agreed that performance related pay would not be introduced – we don't want to go down that road. Traditionally, staff were comfortable in following the UK but now, they only want the upside of UK comparison, for example, higher pay and lower hours of employment. However, payback [from employees] in change is an essential element' (private interview).

Clearly, the Island's Government cannot ignore the UK-wide impact, not least because the recruitment and retention of specialist grades will almost certainly demand comparative analysis with circumstances prevailing in the UK. One interviewee identified some deals between other workers and their UK counterparts but, just as these broke down in the Channel Islands, so 'it has got to happen here'. Even informal pay parity has since ended. Pay seems set to increasingly reflect local labour market conditions (as gauged through the Isle of Man Earnings Survey) so as to avoid a two-tier (public sector, private sector) society emerging. That said, 'there is much of a muchness between GB and Isle of Man pay rates. Our key concern is

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to avoid falling behind the Island's finance sector as has happened in the Channel Islands'. The GOA believes that 'the civil service and public sector should share in the growth of the Island's population and wealth'. Likewise, if these were thrown into reverse, 'we have to accept that reductions in employment would occur through managed contraction' (private interview).

Others downplay the risk of falling behind the private sector because the current statistical database in the Isle of Man Earnings Survey (on which the union's comparisons are being drawn) is 'weak and needs strengthening to find a credible basket of comparison' (private interview). The Civil Service Pay agreement has been reviewed. Traditionally, reviews began with a revalorization of grades with respect to particular groups in the UK Civil Service. However, agencification in the UK prompted a new way of revalorizing the spine. Scales were enhanced to suit local circumstances in the interests of recruitment and retention, especially posts that, if in the UK, would be local authority posts. In the JNC, reflecting the latest thinking in management strategy, the Civil Service Commission argued for a more comprehensive examination and wanted to review the whole package of reward, not just pay, but including research and development, management style, the wider benefits package, and being more 'people-focused', given that 80 per cent of the costs are 'people-related'. The Commission contends that it is difficult for the GOA to challenge this argument since, while the annual pay round is of key importance, there is a need to have greater regard to what the Commission (on behalf of the Government) needs for the future (private interview).

Recruitment

Recruitment to the Civil Service is subject to statute and to the overall parameters of government policy. As a direct imitation of UK practice, the Island had dominant generalist administrators. Grades also bear similar titles, that is, Clerical, Executive, Administrative and Principal grades, and are divided similarly into 'General Service' and 'Departmental' Classes. Formally, the Island's Civil Service Commission determines the establishment number of civil servants in each department. It

> is duty bound to respond to the policy decisions taken by Government and other changes in circumstances and workload, all of which are beyond its direct control, by providing the staff required to meet the many and varied needs of Government and to ensure that Boards and Departments are able to cope efficiently and effectively with the demands placed upon them. (CSC 1985, p. 4)

The environment in which the Civil Service has sought to recruit has changed considerably. Equal pay was established from 1972 (CSC 1971, p. 4). In the mid-1970s, the Commission noted that there were no major recruiting problems – quite the reverse. 'For reasons which may in part be

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due to economic conditions elsewhere, an exceptionally large number of academically well-qualified young men and women applied for clerical posts in the service' (CSC 1974, section 3, p. 1). By the mid-1980s, however, the Commission was stressing that while applications for civil service posts remained strong, 'some of the better qualified school leavers seeking clerical employment are now making the civil service their second or third choice of career' (CSC 1985, pp. 6–7). The Commission highlighted the 'severe competition from the financial sector which is able to offer higher salaries and other inducements' (p. 7). With the continued buoyancy of the Island's economy in the 1990s, especially its burgeoning financial services industry, full employment increased workers' choices meaning that pressures on recruitment remain.

Today, recruitment to the IMCS remains conducted within the statutory framework and the parameters of policy for the Island's public sector. The stated objective of the Isle of Man Government (IoM 1998a) on the public sector is 'to ensure the economic, efficient and effective provision of the services and infrastructure needed to meet the Island's needs'. To that end, the government 'aims to operate in a more business-like way [with] greater emphasis on strategic planning for its human resources' (p. 33). Since 1990, government policy has placed a ceiling on the growth of personnel numbers in the Public Service. The policy was reviewed in 1997 and confirmed by the Council of Ministers (IoM 1998a, pp. vi–vii). Thus, the government workforce will not be allowed to exceed: (i) the rate of growth in employment in the private sector; or (ii) the rate of increase in real terms in the government's revenue. 'The effect of the policy is to ensure that Government's workforce does not increase further than the growth of the Island's total employed workforce or than the ability of Government to fund such increases' (p. 33). While individual Boards and Departments retain responsibility for 'a continuing and critical appraisal of services delivered by Government', it is the Personnel Control Sub-Committee of the Council of Ministers, which is 'charged with making the difficult and sometimes unpopular decisions on Government's competing priorities' (p. 33). Among the government's policies and objectives, there is a commitment to 'recruit and retain appropriate well-motivated and properly trained personnel placing an emphasis on the recruitment and training of *local persons*' (my emphasis) (p. 33). In managing staff, larger departments have limited flexibility to divert staff from different employment groups into vacancies.

For recruitment into the Civil Service, different procedures apply to different elements of the Service. The General (administrative) Service, accounting for 55–60 per cent of the total establishment, is advertised within the wider public service on the Island although, if it is a senior office, then outside as well. For the Departmental (technical, specialist) Service that accounts for the remaining 40–45 per cent of staff, advertisements are both inside and outside the Island's public service (table 3). Posts are not generally advertised in the UK unless it is for a particularly specialist position,

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TABLE 3 Number of interviews conducted each year by the Civil Service Commission (new candidates for entry to the Civil Service)

	Clerical and Female Officer/Secretarial Grades	Professional and Technical Posts	Total
1963	79	42	121
1964	24	30	54
1965	42	61	103
1966	39	67	106
1967	32	36	68
1968	62	50	112
1969	63	37	100
1970	37	52	89
1971	35	36	71
1972	44	59	103
1973	55	83	138
1974	66	96	162
1975	37	69	106
1976	38	89	127
1977	46	60	106
1978	65	91	156
1979	71	117	178
1980	50	57	107
1981	44	87	131
1982	65	151	216
1983	82	106	188
1984*	91	146	237

Note: from 1/1/1972, the female officer grade was abolished and replaced by the secretarial grade.
* Includes up to 31/3/85

such as a scientist, that cannot be filled internally. The Commission is guided in its decisions on such matters by its concern to ensure the maintenance and promotion of career opportunities in the organization. The changing pattern of recruitment over time reflects local changes in the employment base. Broadly, the same educational requirements are made as those that are acceptable in the UK. The main difference is the traditionally lower value placed on the Open University (perhaps odd, given that the lack of a Manx University has encouraged participation in the Open University) and NVQ qualifications and the more stringent requirements in terms of grades required at GCSE ('O' Level) (interview).

The Isle of Man differs from the UK in respect of the legislation governing recruitment and employment in general. The Island has work permit legislation and a Sex Discrimination Act (introduced recently) but nothing concerning race, disability or any other area concerned with equal opportunities. There is a Trade Union Act, a Trade Dispute Act and a Redundancy Act. Since 1992, there has been an Employment Act and this has changed the role of the employment tribunal. The tribunal ceased to deal with collective disputes and changed to deal with individual cases. It looks to the UK for precedents in making its decisions. At one stage, Isle of Man employees

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had better rights than those in the UK. The fact that some of the Island's trades' union officials/representatives are rooted in UK employment law can pose problems. Over time, a more 'legalistic', less informal approach has become more regular (interview).

Allied to the question of recruitment is the related issue of the overall size of the Civil Service. As table 4 illustrates, the Civil Service has grown rapidly since 1970, something that is largely explained by the reclassification of posts. Confusion can arise when interpreting the surge in civil servant numbers. First appearances can be deceptive. In reality, in a system in which the Isle of Man government is engaged in providing both central and local government services, there was a rationalization of employment groups with more public sector employees coming within the scope of the Civil Service (now one-quarter of all public employees). Hence, there has

TABLE 4 Isle of Man Civil Service staffing levels

Year	General service classes establishments (across boards and departments)	Department classes establishments (across boards and departments)	Totals
1970 December	338 5	219 0	557 5
1971 December	347 5	228.0	575 5
1972 December	353.5	235.0	588 5
1973 December	379.5	262 0	641.5
1974 December	392.5	273 0	665.5
1975 December	405.5	283 0	688.5
1976 December	412.5	291.0	703.5
1977 December	430.0	300 0	730.0
1978 December	435.5	310 0	745.5
1979 December	441.5	321 0	762.5
1980 December	490.5	325.0	815.5
1981 December	484 0	340.5	824.5
1982 December	489 5	349.5	839.0
1983 December	519 0	351.5	870.5
1985 March	537.0	358.5	895 5
1986 – no data	–	–	–
1987 June	522.5	378.0	900 5
1988 – no data	–	–	–
1989 August	551.5	418 0	969 5
1990 – no data	–	–	–
1991 – no data	–	–	–
1992 – no data	–	–	–
1993 March	542.0	481.0	1268.0
1994 March	785 0	483 0	1311.0
1995 March	–	–	1526 0
1996 March	–	–	1592.0
1997 March	–	–	1649 0
1998 March	–	–	1684.0
1999 February	–	–	1786.0

Note: The information from 1970 through 1985 is taken from Annual Reports of the Island's Civil Service Commission. These publications ceased in 1985 Data from 1985 is based on information supplied by the Personnel Office of the Isle of Man Government Figures from 1970 through 1992 are full-time equivalents. Figures from 1993 are actual posts.
Source: Isle of Man Government, Personnel Office, reproduced with permission

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been reclassification within the overall public sector alongside genuine growth in the Civil Service. For example, some 120 hospital posts were transferred in 1995 while further transfers from the Water Authority, and Departments of Trade and Industry, Local Government and the Environment, and Health and Social Security swell the figures from 1998–99. 'The Commission is as concerned as others about the growth of the civil service and this concern finds expression in its rigorous examination of every claim for more staff. However, any approach must be influenced by an obligation to ensure that the policies of the Government are not frustrated by a shortage of staff necessary to administer them' (CSC 1976, section 6, p. 3). The Commission noted: 'though it can be asserted that the Commission does everything it can to contain the size of the civil service, the greater participation of Government in the affairs of a growing community has exercised, and will no doubt continue to exercise, an influence upon the number of officers employed' (CSC 1977, section 6 p. 3). Overall, the proportion of the Island's working population 'who are Civil Servants has remained around the 3% level during 1971–1981, at a time when the percentage of the working population who are employees of Boards and Departments has risen from 16 to over 19%' (CSC 1982, section 6, pp. 2–3).

Two recent events raise serious questions about the recruitment process. First, controversy arose over the appointment of a new Deputy Clerk of Tynwald that led to the subsequent resignation of the Clerk of Tynwald, Professor Norman St. John Bates. In part, Bates resigned because the person appointed did not possess a degree even though such a qualification was listed as a requirement for the post. The incident highlighted the generally low level of qualification in the service. Second, the decision to increase Chief Officers' pay in major ministries (in order to retain senior staff in the face of competition from the buoyant finance sector) was handled clumsily, suggesting that human resource management in the ICMS could be more sensitive.

Training

Under the legislation, the Civil Service Commission is expected to promote the training of civil servants. Several experiments were introduced in the mid-1980s, including the commencement of a collaborative arrangement with the Island's College of Further Education in which a Business and Technical Education Council Higher National Certificate course, designed specifically to meet the requirements of the Civil Service, was introduced. In addition, discussions with Marks and Spencer plc occurred. These revolved around 'in what ways the philosophy and expertise of this highly successful Company might be utilised to train members of the Civil Service in the areas of value for money, cost effectiveness and in developing their skills in dealing with "customers"' (CSC 1985, p. 10). The government sells its own training to the private sector (to Manx Telecom, for example) though priority is still given to its own workforce. Such a practice sends the signal

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that what is done in the public sector is just as valid as that in the private sector. On staff skills and training, corporate training provision is under review (having last been reviewed during 1992/3). In the main, specialist training still rests with individual Departments but some use is made of the (UK) Civil Service College and the College is invited to tender for such tasks.

Relations with UK Departments and Home Civil Service

The UK Home Office (Constitution Unit) is responsible for the overall management of relations between the Isle of Man and the UK government. The Unit has some eight members of staff, a figure that has remained fairly constant for many years. There is an occasional but regular pattern of meetings, mainly at officer level but with the politicians being 'kept well informed of developments' (interview). A Home Office official said relations are 'extremely cordial' (private interview), a view shared by a senior official in the Island's Civil Service. The formal relationship between the Isle of Man and UK Home Civil Services is limited chiefly to contacts between senior officials in the Isle of Man's capital, Douglas, and Whitehall. Due to agencification, the Isle of Man Civil Service has had to pay for advice on recruitment qualifications from the UK Recruitment Service, as this is now an agency rather than Cabinet Office function. Rather than pay for such advice, 'we have come increasingly to our own conclusions by seeking advice from the Government's own educational professionals' on such matters. That said, it is foolish to exaggerate. 'If we are doing research in our own government departments, we seek to establish links with the appropriate GB or Northern Ireland department', asking them 'how do you do things' and 'can we meet to discuss matters' (interview).

CONCLUSIONS

The foregoing examination of the Manx government and civil service suggests that, even at the geographic centre of the British Isles, some of the old verities of British public administration revolving around the 'Westminster model' have lost much of their purchase. The territorial governance of the British Isles has become increasingly variegated, one may even say messy. In truth, it was ever thus when the evidence is considered. The idea of a unitary British state from 1801 was always questionable given the existence of the British micro states outside the UK as well as special provisions for governing Ireland. Variegation was extended with Irish partition and the ensuing particular arrangements for Northern Ireland. Nonetheless, physical proximity to the UK means a 'milieu effect' is clearly in evidence whereby the Island's system of public administration remains substantively informed by the custom and practice of British public administration as operated in Westminster and Whitehall. Thus, the 'British way' of doing things casts a long shadow over Manx arrangements. However, as with the nations and regions *within* the UK, the Island retains and increasingly

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asserts its own distinctiveness and unique characteristics, pursuing its own agenda across a range of policy fields, and in respect of the management and development of its Civil Service.

Interestingly, if anywhere ought to be helpless 'victim' of the ebbs and flows of globalization, then small places might be expected to be least able to resist. The 'managerialist revolution' of the 'New Public Management' of the 1980s/1990s has not totally bypassed the Island, witness the increasing emphasis upon securing value for money and customer responsiveness/satisfaction, while certain steps to professionalize the activities of the Civil Service have occurred. However, those responsible for the Island's Civil Service have generally not adopted the reforms that swept through its mainland counterparts. In other respects, too, the Island differs insofar as the distinction between central and local government is (in such a small place) blurred, as is that between those who constitute the Civil Service and those within the wider public service. It is with respect to the latter point that future research might be directed. Within the UK, devolution has heralded a seismic and irreversible shift in the constitutional settlement. The devolved administrations cover much smaller populations than their UK itself (i.e. between 1.7 and 5 million), raising questions about how they and established local authorities and other public agencies ought to relate. Necessarily, predicting with any certainty how devolution will develop in the future is a fraught process. However, the hybrid structure evident within the Isle of Man is increasingly of more direct comparative value to the nascent micro or sub-states emerging in Scotland, Wales and Northern Ireland. The traditional demarcations between, and responsibilities of, tiers of government in the UK are being eroded. Indeed, being hybrid in nature, there has been a drive for more 'joined up' government to boost overall effectiveness and public satisfaction. The emergence of a unified public service, bringing together central and local government, the NHS and a range of other public bodies, has become a distinct possibility. Consequently, parts of the UK may look to the insular autonomy of the Isle of Man (and Channel Islands) as a template worth imitating, at least in part. Hence, there is ample reason for examining how such hybridity has worked within one, albeit very small, jurisdiction located firmly within the British orbit.

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MAKING A DIFFERENCE? THE ROLE OF STATUTORY COMMITTEES IN THE NORTHERN IRELAND ASSEMBLY

ROBERT D. OSBORNE

This paper seeks to examine some aspects of the early operation of the Northern Ireland Assembly and in particular the role of the Statutory Committees. The particular issue that is used to explore these matters is the review of student finances which the Higher and Further Education, Training and Employment Committee (HFETEC) undertook as its first major investigation. It should be noted here that the Department of Higher and Further Education, Training and Employment changed its name to the Department of Employment and Learning during 2000. The Committee also changed its name to the Employment and Learning Committee. Since the issues discussed took place prior to these changes the original name has been used here. Specifically, the paper examines the Review of Student Finances launched by the Department of Higher and Further Education, Training and Employment (DHFETE), how the Committee tackled the issue, tensions within the Committee, the relationship between the Committee and the Minister, between the Minister and the Department, the public debate, how the Committee Report was subsequently dealt with in the Assembly and the Minister's response. It is suggested that this example provides some insights into the operation of the distinctive devolved institutions in Northern Ireland and some early evidence of how such Statutory Committees may develop.

DEVOLUTION TO NORTHERN IRELAND

From the inception of Direct Rule from Westminster in March 1972 it was the stated aim of successive British governments that Direct Rule arrangements were temporary. Nevertheless, despite attempts to create agreement on local political structures (most notably in 1973/74 and in the early 1980s – see O'Leary *et al.* 1988), Direct Rule was a 'temporary' arrangement that lasted over a quarter of a century during which over three and a half thousand of people were killed and several hundreds of thousands were injured (McKittrick *et al.* 1999). The bitterness and sectarian hatred which characterized those years both underscored the need to reach a political settlement but also made its achievement all the more difficult. During the 1990s, however, especially as a result of a 'dialogue' between the leader of the Social Democratic and Labour Party leader, John Hume and Gerry Adams the leader of Sinn Fein, the political wing of the Provisional IRA, a dialogue between British Ministers, Irish government Ministers and the

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key protagonists in Northern Ireland developed. Both the British and Irish governments, under a succession of leaders, developed an understanding about political developments that could occur after an ending of violence by the Provisional IRA. While this stage of what has become known as the 'peace process' was riven with misunderstandings and apprehension on all sides (not to mention sporadic outbursts of violence from all paramilitary groups), eventually an Agreement was reached by all the main political parties (with the exception of the Democratic Unionist Party (DUP) led by Ian Paisley) on Good Friday 1998. (For a detailed and perceptive commentary on this process see the account by *Irish Times* journalist Deaghlán de Bréadún (de Bréadún 2001).) The Agreement was endorsed in a referendum held simultaneously in both jurisdictions in the island of Ireland in May 1998. In Northern Ireland, the majority voting in favour was 71.1 per cent. Thereafter, the devolved institutions were legislated for in the 1998 Northern Ireland Act. The Agreement has three distinct strands – arrangements for government within Northern Ireland, the relationships between the two parts of Ireland (north and south) and, thirdly, relationships between Northern Ireland, Ireland and the UK and other political bodies including the devolved Scottish and Welsh institutions, the Channel Islands and the Isle of Man (east and west). However, the implementation of devolution together with the arrangements for cross-border co-operation bodies was held up by the continuing debates between the pro-Agreement parties over such issues as the decommissioning of terrorist weapons, the reductions in British Army numbers and structures ('demilitarization') and the future arrangements for policing as well as other contentious matters. Agreement on the departmental structures for government and the mechanisms for the political accountability of cross-border bodies also caused considerable discussion. During this time opinion poll evidence recorded continuing high support for the Agreement amongst nationalists and a decline, but not a complete reversal of support, amongst unionists – especially when, under the terms of the Agreement, paramilitary prisoners began to be released. Eventually, the devolved institutions came into being in December 1999 – only for them to be suspended in February 2000 as a result of increasing disquiet in the Ulster Unionist Party (UUP) over the absence of the decommissioning of terrorist weapons especially by the Provisional IRA. The failure to decommission, Ulster Unionists argued, meant that the participation of Sinn Fein Ministers in the Executive should not continue. Following interventions from the Prime Ministers of both the UK and Ireland, the institutions came into being once again in May 2000. Despite initial moves on decommissioning in 2001, this issue and policing continue to threaten the future stability of the political settlement and the devolved institutions.

THE ASSEMBLY

Since the signing of the Belfast Agreement in 1998, academic analyses of the nature of the Agreement have begun to emerge focusing on the nature

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of the Agreement in terms, for example, of the particular form of consociationalism it represents as well as its legal and constitutional distinctiveness, elections, and the structure of the institutions that have been created (McGarry 2001; Wilford 2001). For the purposes of this paper, it is not proposed to assess these wider and more contextual issues in detail. It is important, however, to spell out some of the key elements of the devolved institutions and, in particular, the Assembly. The Northern Ireland Assembly is distinctive in a number of respects, (Wilford 2000; Wilford and Wilson 2001a). First, the elections take place under the Single Transferable Vote system of PR (PR(stv)), contrasting with the proportional additional member system used in the elections of the Welsh Assembly and Scottish Parliament (see Leicester 2001 and Osmond 2001 respectively for analyses of the first elections to the Scottish Parliament and Welsh Assembly). Second, each Assembly member is required to designate themselves as 'Nationalist', 'Unionist' or 'Other'. This ascription is necessary to enable the weighted cross-community votes to take place. Votes consist of two types: 'parallel consent' requires a majority of those present and voting, including a majority of those designated as unionist and nationalist. A 'weighted majority' requires 60 per cent of those present and voting, including 40 per cent of both unionists and nationalists (Wilford 2000). These votes are to be taken on 'key' decisions such as the election of Presiding Officer, the election of the First and Deputy First Ministers, the determination of Standing Orders, the programme for government and the budget. Third, the appointment of Ministers is through the application of the d'Hondt principle where each party selects a department and nominates a Minister based on each party's number of Members of the Legislative Assembly (MLAs). The result of this process was that two Sinn Fein Ministers were nominated, one for the Ministries of Education (Martin McGuiness) and one for Health, Social Services and Public Safety (Bairbre de Brun). The three SDLP Ministers hold the Ministries of Finance, Higher and Further Education, Training and Employment and Agriculture. The Ulster Unionist Party occupies the Ministries of Enterprise, Trade and Investment, Environment, and Culture, Arts and Heritage. The DUP subsequently adopted a 'rotation' of MLAs as Ministers of Social Development and Regional Development. The First Minister (Ulster Unionist) and the Deputy First Minister (SDLP) complete the members of the Executive. The DUP Ministers refuse to attend Executive meetings as a result of Sinn Fein/IRA failure to decommission their weapons. Fourthly, the d'Hondt principle was also used to allocate committee chairs and deputies to parties but this process operates in the context of the principle of committee chairs/deputies being from different parties to the respective Ministers. Ministers and Junior Ministers are prevented from occupying these posts.

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ASSEMBLY COMMITTEES

The authority of the Statutory Committees derives from both the Northern Ireland Act of 1998 and the Good Friday Agreement of the same year. Under the Act, standing orders provide for the establishment of committees of the Assembly 'statutory committees' to advise and assist each Northern Ireland Minister in the formulation of policy with respect to matters within his/her responsibilities as a Minister. In addition, the Act states that standing orders shall confer on the committees the powers described in paragraph 9 of Strand One of the Belfast Agreement. This paragraph from the Agreement states:

> The Committees will have a scrutiny, policy development and consultation role with respect to the Department with which each is associated and will have a role in initiation of legislation. They will have the power to:
>
> Consider and advise on Departmental budgets and annual plans in the context of the overall budget allocation; approve relevant secondary legislation and take the Committee stage of relevant primary legislation; call for persons or papers; initiate enquiries and make reports; consider and advise on matters brought to the Committee by its Minister.

It is readily apparent that the powers of statutory committees are considerable and go beyond the powers of Select Committees of the House of Commons, for example, particularly in relation to initiating legislation and policy making. They are, therefore, potentially powerful players in the policy making process in the Assembly. Their powers vis-à-vis those of Ministers can be seen as part of the checks and balances built into the operations of the Assembly; all designed to prevent a single party or community dominating the political process.

The DUP's role on the statutory committees has not reflected their stance with the Executive. DUP committee members play a full role alongside Sinn Fein members in all Statutory Committees. Much to the chagrin of pro-Agreement Unionists, this 'having their cake and eating it' stance seems not to have caused any problems with the party's supporters.

THE HIGHER AND FURTHER EDUCATION, TRAINING AND EMPLOYMENT COMMITTEE

In the party 'share out', the HFETE Committee was regarded as of slightly lower status compared with some of the more important Committees as perceived by the parties in the Northern Ireland context such as Agriculture (chaired by Dr Ian Paisley, DUP) or Health, chaired by Dr Joe Hendron (SDLP). The Committee Chair was Dr Esmond Birnie (UUP), formally an academic economist, with two other UUP members, two DUP members (one the Deputy Chair), an Independent Unionist, two SDLP members, a member of the Women's Coalition and two Sinn Fein MLAs. None of the members had any parliamentary experience but some had experience of

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local government. One of the Sinn Fein members (John Kelly) had indicated his previous membership of the Provisional IRA during an Assembly debate while the Womens' Coalition member (Professor Monica McWilliams) had been an academic social policy specialist.

THE REVIEW OF STUDENT FINANCE

In early February 2000, under devolved government, the Department launched the Review of Student Finance. With the suspension of the institutions, it was carried forward under Direct Rule arrangements. The developments at the UK level in student finance and also the specific developments in Scotland had shaped the context for the Review. In the summer of 1997, the newly elected Labour government announced that it was only partially accepting the recommendations of the Dearing Report (1997). The Dearing Committee had been set up by the then Conservative government to review the future prospects for higher education. Published in the Spring of 1997 and before the general election which returned a Labour government, the Report had recommended the introduction of means-tested tuition fees but also urged the retention of the means-tested maintenance grant. The Labour administration announced their intention to introduce tuition fees on a means-tested basis but also indicated an intention to scrap the maintenance grant and completely replace it by a system of student loans. This decision was controversial. The ending of 'free' higher education shocked some of the government's own supporters. This decision, coupled with the simultaneous scrapping of the maintenance grant, seemed to be raising major financial obstacles to the stated intentions of government to widen access to higher education to lower socio-economic groups. With devolution to Scotland, however, matters took an unexpected turn in the hitherto uniform policy for funding students in the UK. As a result of Labour failing to achieve a majority in the first elections to the Scottish Parliament (Leicester 2001), the party sought to form a coalition with the Liberal Democrats who were determined to abolish tuition fees. Part of the process of securing a deal to form an Executive was the setting up of an Independent Review of Student Finance in Scotland. Chaired by a Scottish lawyer, Andrew Cubie, the Independent Review (1999) recommended the abolition of 'up-front' tuition fees in favour of an income-contingent graduate endowment which would be used to fund bursaries for those from less well-off backgrounds. This proposal was accepted by the two political parties and helped form the agreement for the forming of the Scottish Executive. Although there are some significant differences in detail, this arrangement is being implemented by the Scottish Executive.

There were no parallel political circumstances prevailing in Northern Ireland to match those that had taken place in Scotland but these developments in the break-up of a previously single UK policy provided the context for the review of student finance. The fact that devolution had 'made a difference' so quickly in Scotland shaped expectations of what might take

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place in Northern Ireland. The Northern Ireland Review's terms of reference were:

- To review tuition fees and financial support for students normally resident in Northern Ireland participating full or part-time in further and higher education courses in Northern Ireland and elsewhere taking account of affordability and value for money.
- To have regard to the desirability of promoting access to further and higher education particularly for those groups currently underrepresented while taking account of the need to maintain and develop quality and standards, and the position of Northern Ireland's further and higher education in the wider UK system.
- To have regard to changes in student financial support arrangements elsewhere in the UK.
- To have regard to changes in student financial support of lifelong learning such as Individual Learning Accounts.
- To make recommendations for any changes to the current system which would better target existing financial provision and, if appropriate, to provide costed options where these may require additional financial resources.

What is interesting is how closely these terms of reference mirror those of the Cubie Review (1999). The terms of reference were notable in Northern Ireland, however, for the addition of 'affordability and value for money' – absent from the Scottish terms of reference – but implying a cautious and incremental approach rather than a radical reconsideration of how student finance could be delivered.

THE CONSULTATION

The form of consultation was traditional for those undertaken under Direct Rule: a review team drawn from departmental officials with a limited public consultation involving a small number of public meetings. The review team commissioned no evidence-based research. If any research was undertaken it was purely internal and was not made available to the public. The review of student finance in Scotland was completely different in type and scale. The Cubie Committee commissioned independent research, set up a web site which enabled the work of the Review to be tracked, and undertook a host of public meetings. As a result, the Cubie Review produced over 700 responses to its consultation. This total is in part made up of verbal contributions at public meetings which were recorded and became part of the response to the consultation. The Committee was able to report, therefore, in the context of a reliable and comprehensive understanding of the public mood and with substantial independent research evidence to back its conclusions. The public mood did not favour the retention of 'up-front' tuition fees.

The impression given by the way in which the Northern Ireland Review

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of Student Finance was set up suggested no readiness to consider any radical departure in policy. The Direct Rule tradition of shadowing policy developments in England, together with the excessive caution associated with higher education policy development in Northern Ireland (Osborne 1996), pointed to only incremental change.

The 54 written responses to the Northern Ireland consultation amounted to a modest total in comparison with Scotland. Only one of these responses came from an individual member of the public. Several respondents were critical of the format for the Review and consultation – pointing to the Scottish exercise and especially the failure to set up an independent review committee (for example, Alliance Party, National Union of Students/Union of Students in Ireland (NUS/USI)). Most responses urged the abolition of fees either in total (for example, SDLP and Sinn Fein) or through the abolition of up-front fees and their replacement with a contribution to tuition costs after graduation (Ulster Unionist Party, Queen's University, Belfast, Alliance Party). Several respondents specifically referred to the Scottish model outlined by Cubie as worthy of consideration in Northern Ireland (for example, SDLP). Virtually all respondents urged the reintroduction of means-tested bursaries or grants targeted at the students from the least well-off backgrounds. More detailed responses made suggestions concerning the eligibility of students for social security benefits and the need for a child-care grant, the need to respond to the requirements of part-time students and the particular circumstances of students in further education. Only the Queen's University, Belfast submitted a response suggesting that employers should make a contribution to funding students on the grounds that employers reaped substantial benefits from the employment of graduates. In total, five political parties responded (excluding the DUP), all the higher education institutions, 5 of the 17 further education colleges, 7 of the 26 District Councils, 5 schools and colleges and 4 of the 5 Education and Library Boards (although Belfast ELB did not do so). In addition, the CBI and Institute of Directors made submissions; the trade union movement, however, did not.

THE COMMITTEE'S ROLE

The Committee determined from the outset that it wished to solicit input to the Review on Student Finance in line with the powers and responsibilities given to Statutory Committees. The Committee's approach can be summarized as follows:

- took the responses to the Department's Consultation as part of its own evidence;
- took evidence from DHFETE officials on two separate occasions;
- took evidence from Andrew Cubie (via video link);
- appointed advisers and commissioned research.

With the summer recess starting in early July 2000 and, before that, suspen-

sion from February to the end of May, the Committee was facing difficult time constraints. The research which was commissioned and undertaken was largely based on secondary analysis of existing documents and datasets. In all eight pieces of research were undertaken (see First Report, Volume II). Informal contacts between the Committee Chair and the Minister resulted in a clear desire for the Minister to receive the Committee's views as soon as possible and by early autumn at the latest. As a result of these pressures, the Committee sought to have all research completed by the end of August in order to respond positively to this timetable. The Committee met intensively during September 2000 to try and thrash out its own response.

In the middle of this process of deliberation, however, considerable local publicity was given to an academic analysis of Committee modes of operation in terms of whether Committees were 'open' or closed to the public (*Belfast Telegraph* 11/9/00). The import of the press report and the subsequent leader in the *Belfast Telegraph* (12/9/00) was that too many of the Committees' meetings were taking place in private and that this was counter to democratic principles. These comments were widely seen as an indictment of the *modus operandi* of the new devolved institutions. As a result, the HFETEC immediately decided to conduct its business largely in public. This meant that all future considerations of drafts of its report would be open. This commitment to openness, even for deliberative sessions of the Committee, was a bold step. After all, not only were MLAs learning the intricacies of student finance but they were also novices in the running of the devolved institutions. In part, this decision may well have resulted both from a lack of confidence, as well as a commitment to transparency in the conduct of business. After all, a self-confident Committee could have indicated the need for some of its deliberations to be closed but also a commitment to openness for all other business. As a result of the decision to open all meetings, DHFETE officials and representatives of USI/NUS attended all further Committee sessions and press coverage of the Committee's work increased. The Committee's broad thinking was, therefore, clear to all from then on and was reported in the press.

The members of the Committee were novices in several senses. All were novices in terms of the unique political institutions of Northern Ireland. Some members were against the Agreement which had created the institutions (the DUP and independent unionist), some were participating in 'partitionist' institutions at Stormont for the first time (Sinn Fein) and all were highly conscious of the fragility of the structures. Also of significance was the debate within each broad grouping: the SDLP competing for political advantage with Sinn Fein; UUP members riven by the Agreement itself but also seeking to compete with the avowedly anti-Agreement DUP. Some of these tensions did spill over into Committee debates. However, under the direction of the Chair, members were led to concentrate on seeking to master the complexities of student funding models. Party and other polit-

ical concerns did begin to surface more overtly, however, after the Committee's report had been produced.

THE COMMITTEE'S REPORT

The Committee moved towards adopting the Scottish model of abolishing up-front fees, introducing bursaries and establishing an income-contingent graduate endowment. The major problem in introducing this model to Northern Ireland students studying in Northern Ireland came from the fact that over a third of higher education entrants (40 per cent of degree students) leave Northern Ireland to study, mainly elsewhere in the UK. In contrast, in Scotland, only negligible proportions of students leave Scotland to study elsewhere. Indeed, Scotland is a net importer of undergraduate students. In these circumstances, there were few problems in confining the new arrangements to Scottish students studying in Scotland. Considerable astonishment was expressed by commentators in England that devolution could lead to such a difference in student funding and that non-Scottish UK students would not be eligible for the new arrangements while, under EU regulations, other EU students (for example those from the Irish Republic) would be eligible. In response to the 'unfairness' of this situation, the Scottish Executive has indicated that students from the rest of the UK are exempt from the fourth year tuition fees following the recommendations of the Quigley Review (1999 – see Osborne 2001). For Northern Ireland, research had suggested that the under-supply of higher education places, coupled with the control of total full time undergraduate places in Northern Ireland by the Department, has meant that required grades are higher, especially in the University of Ulster, than for comparable courses in the rest of the UK. A significant proportion of the students who leave for study, therefore, are 'reluctant' leavers (Osborne 1999). If a new model of student funding was introduced and confined to Northern Ireland students studying in Northern Ireland then there would be a major perceived problem of 'unfairness' in denying an advantageous new system to the large number of students forced to study elsewhere in the rest of the UK or in the Republic of Ireland – the reluctant leaver problem. Moreover, under EU law, any EU students studying in Northern Ireland would also be entitled to the same funding arrangements. It was for these reasons that the Scottish proposals were only offered to Scottish students studying in Scotland. As a result, English, Welsh and Northern Irish students studying in Scotland are not offered these arrangements but students from the Irish Republic (as EU students) can avail themselves of the new funding system. In the Northern Ireland context, the majority (but by no means all) of those leaving Northern Ireland are Protestant while in the past decade or so Northern Ireland higher education institutions (especially the University of Ulster) have seen a significant number of entrants from the Irish Republic (Osborne 1999). The potential for increasing sectarian tensions not to mention the perceived 'unfairness' of this situation would have made the simple

introduction of a Scottish-style system politically unworkable. A proposal on this basis would also have been challenged under the new statutory duty on all public authorities to promote equality of opportunity in policy making and delivery of services. This statutory duty was introduced in Section 75 of the 1998 Northern Ireland Act. Under section 75 of the 1998 Northern Ireland Act all public bodies must draft an equality scheme and undertake equality impact assessments of all policies prior to implementation. The Equality Commission has issued guidelines for these activities.

Crucial to the Committee's proposals, therefore, was a call for a substantial increase in higher education places in Northern Ireland. It was estimated that a substantial increase would resolve the 'reluctant leaver' problem. As the Committee wrestled with these and related matters, the main internal difficulties with achieving a consensus came from the two Sinn Fein members. These two members, although agreeing the principles of the model that was being developed, repeatedly sought to go back to their party's basic position of abolishing fees and introducing grants. Securing a united report seemed unlikely and the possibility of a minority report seemed probable until Sinn Fein indicated that a unanimous report was possible if the repayment threshold for the proposed graduate endowment was set at £20,000 and, for repayment of the student loan, at £25,000. Other members readily agreed to these figures and a unanimous report became likely. It should be added that accepting these figures was always going to pose practical problems because the research evidence available to the Committee suggested that the proposed Endowment Fund would not receive graduate contributions for many years as average graduate earnings even after six years would not match the threshold. To overcome this problem the Committee suggested that others such as employers could contribute to the Endowment. It was quite clear that the desire to achieve a unanimous report from the Committee, in this its first major investigation and report, outweighed any doubts some members had about the economic credibility of the thresholds being advocated.

The Committee was significantly constrained by the absence of any detailed costings being made available to it despite two written requests for them which it made to the Department (the first being on 2 June). This absence of detailed costings subsequently became part of the Minister's attack on the Committee's recommendations. With all Committee debates and discussions now in the public domain, the NUS/USI began to express reservations about the direction of policy being developed by the Committee and also, in the process, precipitated an internal debate in the student union movement on tuition fees.

THE PUBLIC AND ASSEMBLY DEBATE

The Committee published its unanimous report in early October 2000. In summary, it followed the Scottish model both in abolishing up-front fees and in suggesting a Northern Ireland Graduate Endowment Fund to be

paid into by graduates at a flat rate of £2000. The Endowment would fund bursaries for students from less well-off backgrounds. The Committee suggested that these arrangements should be made available only to Northern Ireland students in Northern Ireland and as a result, in order to tackle the 'reluctant leavers' problem, there was a call for the creation of 4000 extra higher education places in Northern Ireland. The Committee accepted the legal reality of having to extend these arrangements to EU students studying in Northern Ireland. With the publication of the Committee's Report, an energetic debate ensued largely conducted within the pages of the *Irish News*, the newspaper mainly serving the Catholic community. (A trawl of the other two local daily newspapers in Northern Ireland suggests their coverage was mainly confined to news reports.)

It also became apparent during this period that the two SDLP members of the Committee increasingly felt the need to support the Minister who, of course, was also drawn from the SDLP. With the Committee's proposals being described in the press as proposing, 'the abolition of fees' (there was little public discussion of the proposed Graduate Endowment), there was intense political pressure on the Minister to accede to this proposal. Student demonstrations, together with commentaries that pointed out that the SDLP's own policy was in favour of the abolition of fees, added to the momentum for abolition. Clearly, the Minister needed support.

Perhaps most revealing of the tensions created by the report and the public debate, however, was what took place when the full Assembly discussed the Committee's Report. After considerable discussion, the Committee sought the Assembly's endorsement of the Report rather than a motion asking the Assembly to 'note' the Report's contents. In the event of the Assembly endorsing the Committee's Report, the Minister would be faced by an all-party report endorsed by the Assembly – powerful pressure indeed. However, as a result of discussions within the Committee, it was decided to reduce this pressure somewhat through the wording of the motion. The motion read:

> That this Assembly approves the first report of the Committee for Higher and Further Education, Training and Employment on student finance and calls on the Minister of Higher and Further Education Training and Employment to implement the Committee's recommendations at the earliest feasible opportunity.

The political pressure was lessened by the addition of the final phrase 'earliest feasible opportunity' – even endorsement by the Assembly would not mean an immediate demand for implementation.

In introducing the debate, the Committee Chair pointed out this very fact – that the Committee was recommending a direction for policy not necessarily for immediate implementation. He acknowledged that there were critics of the Report because of the absence of detailed costings but countered this by pointing out that the Department's Review documents

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had also failed to include any costings and that the Department had failed to respond to written requests for financial information.

In reply, and moving an amendment for the Assembly to call upon the Minister to 'consider the Committee's recommendations as he moves towards a conclusion of the review of student support', Minister Farren criticized the Committee's report. He attacked the report for the absence of detailed costings of its proposals, he considered it inequitable to confine any new arrangements to Northern Ireland students studying in Northern Ireland and excluding those studying elsewhere and he criticized the lack of detail in the Committee's report on part-time study and further education. He was also dubious about the idea of abolishing fees for the better-off in society as it would increase the public subsidy of the better-off. Finally, he stressed that reforms had to be affordable and the abolition of fees was not affordable.

The assembly debate (which was very heated at times) showed both SDLP committee members to be notably weak in the support of the Committee's report. In contrast, there was strong endorsement from the two Sinn Fein members (who sensed that here was a chance to create problems for a SDLP Minister). Even some members of the Committee most committed to the report referred to the 'aspirational' nature of its recommendations.

In winding up the debate, the Committee Chair made specific reference to the role of Committees:

> Those who have analysed our government arrangements under the Belfast Agreement have sometimes asked where the Opposition is. Today we have seen a partial answer. The Committees, on occasion, can serve as opposition, in the best sense, to Ministers and the Executive as a whole. We seem to be breaking new ground, in terms of our relationship between Committee and Executive. I concede that this is a challenge for those of us who are both Committee members and members of parties in the Executive.

The vote laid bare the conflicting pressures felt by a number of Committee members. The amendment in the name of the Minister was put to the House and was lost by 35 votes to 33. The voting pattern revealed:

- The Sinn Fein Committee members voted against the amendment, as did the Women's Coalition member and the Independent Unionist member of the Committee. Their other party colleagues joined them, as did an Alliance member.
- The UUP Chair, having introduced the motion and defended the Report, subsequently abstained on the vote. One other UUP Committee member joined him. Other UUP MLAs voted with the SDLP for the amendment.
- The two SDLP members voted for the amendment and with the rest

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of the SDLP members – in effect voting against their own Report which they had strongly supported in the Committee's deliberations.
- The DUP Committee members joined the rest of their party members in voting against the amendment. A dissident UUP member who had lost his party Whip in the Assembly joined them.

It was clear that the unanimity of the Committee in agreeing the report had substantially collapsed. Hence, although the Assembly endorsed the Report, the Committee that had prepared it and worked so hard for unity was in disarray. How can we account for this pattern of voting? The pull of party clearly brought the two SDLP members 'into line'. The failure of the UUP chair to vote against the amendment but rather to abstain was clearly a result of being torn between a commitment to the first report of the Committee he chaired and the need to sustain an Executive Minister. While the UUP does not compete electorally with the SDLP, there was little advantage in embarrassing the Minister, especially with the continuing fragility of the devolved institutions. The two Sinn Fein committee members seemed happy to embarrass the Minister even though Sinn Fein holds two Ministerial posts in the Executive – but Sinn Fein and the SDLP were in fierce electoral competition for the votes of the Catholic community with Sinn Fein seeking to become the majority party for that community, a position it subsequently achieved in the June 2001 General Election. Likewise, although the DUP holds two Executive seats, it takes an anti-Agreement stance and seeks to embarrass pro-Agreement parties on all occasions.

Although the Assembly had now endorsed the motion, Minister Farren made it quite clear that he had no intention of accepting it and indicated that he was going to seek the Executive Committee's agreement for his own proposals, 'which would take account of the Committee's recommendations'. Both the actual wording of the motion passed by the Assembly and the collapse of Committee unity removed the pressure on the Minister. Nevertheless, Farren continued to publicly attack the Committee's report with an article in the *Irish News* (6/12/2000) where he reiterated the points made in the Assembly debate. Subsequently, after the adoption of the Executive's budget by the Assembly in early December, Minister Farren announced the main principles of his proposals on 15 December. These broadly followed policy changes introduced in England early in 2000 by increasing the threshold for students paying fees to £20,000 and announced the intention to introduce fee exemption in vocational further education courses and a child-care grant. The Minister, who had clearly been extremely annoyed by the Committee's role in publishing alternative proposals and stimulating public debate, subsequently met the Committee in early February 2001 to discuss the principles outlined in his proposals but declined to discuss any detail. This meeting was very much an attempt to 'mend fences'. Finally, the full details of the new regime were published in March 2001 at a total cost of £65m. The proposals included a raising of

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the threshold of parental income for the payment of tuition fees to £20,000, as in England and Wales. This is estimated to result in over 50 per cent of Northern Ireland students being exempt from tuition fees when introduced. The comparable figure for England is estimated to be about one third. The proposals also included the introduction of a child-care grant, the exemption of fees in vocational further education courses and the introduction of £1500 in annual bursaries targeted on the less well-off (those with a residual income below £15,000) and an increase of 1000 higher education places (Official Report, Northern Ireland Assembly 26/3/01).

DISCUSSION

In an earlier paper (Osborne 1998), the writer considered the role of the Northern Ireland Affairs Select Committee at Westminster. The discussion was based in part on the experience of being an adviser to the Committee. The paper suggested that the distance of Northern Ireland from Westminster, coupled with the lack of interest in Northern Ireland from MPs not from that part of the UK, would mean that increased political accountability and 'better' policy making would best be secured through devolution. This present paper offers the opportunity to make some early observations on the operation of the devolved institutions and, more particularly, on the Statutory Committees. The paper thus captures some of the initial processes at work during the first year of devolution.

There is little doubt that the HFETE Committee transformed the debate about student finance. As a senior civil servant (from another Department) indicated to the author,

> the Department was clearly bounced by the Committee as it was prepared to go beyond the normal Direct Rule approach through commissioning independent research and thinking beyond parity with England.

Ironically, the political pressure on the Minister, while being regarded as unwelcome, undoubtedly strengthened his hand in securing additional finance from the Executive and it is very likely that a number of measures were announced that otherwise might not have taken place, particularly in relation to additional places and further education. The funding of the new package partially came from departmental resources allocated in the budget but almost half (£31m) was sourced from Executive Programme Funds, money held back from departmental programmes for special initiatives (Department of Finance and Personnel Press Release 2/4/01).

The Committee may have 'bounced' the Department but it is also clear that the Committee's resolve faded when other political pressures were applied. While there was a unanimous Committee report, that unity cracked once party pressure and the need to sustain an Executive Minister took priority. Other commentators have pointed to the crucial role the two largest parties, the UUP and SDLP, have in dominating the functioning of

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the Assembly. This was pointed out with respect to the appointment of two Junior Ministers to serve in the Office of the First and Deputy First Minister (one UUP and one SDLP) in the face of protests from the smaller parties that posts were being 'carved up by the two parties' (Wilford and Wilson 2001a). This example tends to reinforce the point. At this stage, therefore, it can be suggested that although the powers of Statutory Committees are substantial, in practice, these powers may be used only circumspectly in the complex political dynamics developed through the Good Friday Agreement and the devolved institutions. Two general factors, however, could influence the role of Committees in the future. The first relates to the sustainability of the devolved institutions. If the Executive and the Assembly begin to bed down on a long-term basis, then the emergence of independent and strong Committees providing alternative perspectives to the all-party programme of the Executive is possible. Esmond Birnie suggested such a development in his contribution to the Assembly debate. Secondly, strong-minded Committee Chairs, who become substantial authorities in particular subjects in their own right, could create distinctive and respected sources of policy analysis through detailed and careful work in Committee. On the other hand, in this example, the Minister was faced with an all-party Committee Report, endorsed by the Assembly. Yet he made it quite clear that he was going ahead with his own proposals which essentially rejected the Committee's approach. It is legitimate to wonder just how authoritative and independent Committees will be in the face of this type of response. In the current situation, as this example suggests, the power of the committees seems to be more latent than actual.

Other (non-Statutory) Committees have begun to make their mark, although their targets have been relatively easy and in some instances, retrospective. For example, the Public Accounts Committee has been exploiting Northern Ireland Audit Office reports demonstrating poor use of public money. Not only can the 'chronic underinvestment' in, for example, roads, school buildings, railways and the water supply be attributed to the 'remoteness' of Direct Rule but local politicians are also taking the opportunity to attribute examples of chronic waste to the poor judgement of civil servants whose role lacked proper political accountability under Direct Rule. Clearly, this strategy will have a limited shelf life – over time the Assembly and Executive will have to assume responsibility for any failures or shortcomings. The relationship between the Assembly and senior civil servants has been a source of some stress, with a leaked memorandum (in February 2001) from a senior civil servant widely interpreted as an attempt to assert control of the Committees by suggesting that Westminster conventions on the range of issues that could be discussed be applied to the Assembly Committees. Senior civil servants, whose careers developed almost entirely under Direct Rule arrangements, have not had to develop skills in dealing with politicians either as Ministers or when undertaking a scrutiny role in Committees (Osborne 1998). Rather, they

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have seen themselves as providing the leadership and stability in government during the last 30 years and often do not have a high opinion of local politicians. Senior civil servants will also have to learn that the development of policy will not just lie within their Departments; the Committees have a defined role in offering advice and potentially initiating policy. It is unlikely that the narrow review and consultation process launched by the DHFETE on student finance will be the norm for the future. Indeed, not only will the Assembly ensure this but the extensive consultation requirements of the new equality regime introduced by Section 75 of the Northern Ireland Act will also guarantee that it is so.

An early commentary on the workings of the first year of the Assembly tends to view matters rather negatively (Wilford and Wilson 2001b). In this view, the Assembly is dominated by the Executive, Statutory Committees have failed to use their policy initiating powers and Assembly members have largely failed to rise above the parochial and engage with policy making at a strategic level. Comparisons with the Scottish Parliament are unfavourable. Such a view has some truth but disappointment is inevitable if expectations are set unreasonably high. Just what can be reasonably expected from politicians who, for a generation, have spent their time embroiled with a constitutional impasse and, at times, overwhelmed by the large-scale violence in a small-scale society that was 'the troubles'? The only political forum for these politicians has been local government where responsibilities extend only marginally more than 'burying the dead and emptying the bins'. Here, tortuously, politicians have slowly begun to find ways of working together and here it is the relationship building – the ability to begin to work together, rather than the outcome or product that has been important (Knox 1996). Similarly, the implementation of the European Union's Peace and Reconciliation programme involved highly innovatory partnerships between the statutory and voluntary sectors together with politicians at local level and was as important for the processes involved in developing reasonable working relationships as the specific achievements of particular activities (Hughes *et al.* 1998; Knox 1998). With this history and the continuing uncertainty about the future of the institutions, it is not surprising that a relatively cautious and perhaps even unambitious approach has emerged. A more charitable and realistic view, therefore, would regard the glass as half full rather than half empty. The example of the Committee for Higher and Further Education, Training and Employment's role in contributing to the debate on student finance was very positive. Assembly members showed a ready appetite to immerse themselves in the complex detail involved and offered a radical policy proposal – albeit one that relied heavily on that developed in Scotland. The making of public policy is unlikely to follow the same path as during the last 30 years – that is, if the institutions can survive. But real questions remain over how forceful and independent the Statutory Committees will be in practice. Ironically, after the Committee's deliberations and the Minis-

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ter's decisions, an independent review for the National Assembly of Wales called for an end to up-front tuition fees and the reintroduction of grants (bursaries). After the June 2001 general election, the re-elected Labour government instituted an internal review of student finance arrangements with the ending of up-front tuition fees and the introduction of grants being heavily tipped (*THES* 19/10/01). In the matter of student finance, as things have unfolded, it is the Northern Ireland Minister and the Department, rather than the Statutory Committee, that can arguably be said to have failed to rise to the devolution challenge.

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THE GOVERNANCE OF URBAN REGENERATION: A CRITIQUE OF THE 'GOVERNING WITHOUT GOVERNMENT' THESIS

JONATHAN S. DAVIES

This paper offers a critique of the concept of governance as networks. Using the complementary concept of regime governance, it argues that networks are not the primary mode of governance in the politics of urban regeneration in the UK. Drawing on primary and secondary material, it is argued that Central Government is becoming more influential in the local policy arena. In the 'mix' of market, hierarchy and network, hierarchy is more pervasive than network. It is therefore argued that partnerships should be treated as a distinct mode of governance. These conclusions demonstrate that despite the fashion for copying urban policies from the USA, local politics in the UK remain very different. Ironically, the transfer of policies developed in the USA has tended to entrench divergent practices and outcomes. The UK does not, therefore, appear to be moving toward the US model of regime politics. It is concluded that the partnership and network/regime models of governance should be subjected to rigorous comparative studies.

INTRODUCTION

An important theme in the governance debate is the 'governing without government' thesis popularized by Rhodes (1996, 1997, 1999, 2000). This thesis contends that governing increasingly depends on the interaction of public and private sector actors in networks which are becoming removed from influence and control by central states. It has been contested, however, by scholars who argue that the national state remains the critical player in sub-national affairs (see for example Davies 2001; Harding 1997; Pierre 2000). This paper evaluates the concept of 'governance as autonomous, self-organising networks' as a tool for analysing the politics of urban regeneration in the UK. It is argued that the concept is deeply problematic at this level and that partnerships are a distinctive mode of governance. However, more comparative studies are necessary if the mix of market, hierarchy and network in contemporary governance is to be understood.

Urban regeneration has been fertile ground for the governance debate, particularly in Britain where partnerships developed rapidly in the 1990s. This interest has been augmented by the rise of urban regime theory, an American theory of governance (see Elkin 1987; Stone 1989) that has become

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popular with urban scholars in all parts of the developed world. As a theory of networking, regime theory purports to explain how and why local authorities and business elites collaborate in informal networks to generate economic growth. Its popularity stems from the growth of economic (and later social) regeneration coalitions in the 1990s which, in Britain, have been attributed to the importing of American policy initiatives in the 1980s (Harding 1994). The question of whether urban regimes are developing in Britain is contentious (see Stoker and Mossberger 1994; Harding 2000; Davies 2001) and part of this contention is whether the informal and autonomous governing networks, which lie at the heart of urban regimes, exist. The politics of regeneration are therefore a microcosm of the wider governance debate. In sum, to debate the prevalence of regime politics is also to debate the 'governing without government' thesis.

In this paper, the concept of 'regime governance' (see Davies 2001) is used as a framework for comparing urban governance in the USA, as it is seen by regime theorists, with that in Britain. This framework is used to show that the 'governance as networking' thesis is misleading as a characterisation of local regeneration politics in the UK. It is argued not only that the state is still more than capable of getting its way in the politics of regeneration, but that partnerships are a distinctive mode of governance which fit neither the 'old' model of governance by government, nor the 'new' model of governance by network. This mode of governance is characterized simultaneously by the diffusion and augmentation of State power. The political reasons for this development are then explained and it is argued that the application of US-style urban policies has caused local politics in the UK to diverge from those in America. The paper therefore contributes to the governance literature in three ways: in identifying partnerships as a distinctive 'mode of governance'; in arguing, contrary to commonly held views, that in some dimensions of local politics Britain is becoming less like the USA; and consequently in suggesting that the relative prevalence and power of autonomous governing networks in different political systems requires more comparative research.

The paper begins by looking at how the terms partnership, network and regime are understood in the governance literature and it explains the spread of urban regime theory in this context. The concept of 'regime governance' is then elaborated, identifying indicators against which to determine the relative scope and significance of networking in the regeneration politics of Britain. The second part of the paper reports the findings of research undertaken by the author in the UK, comparing these findings with the politics described by regime theory. In the final part of the paper, a distinction is developed between 'governance as networks' and 'governance by partnerships' and the implications of this distinction for comparative studies of local politics are highlighted.

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PARTNERSHIPS, NETWORKS AND THE CONCEPT OF 'GOVERNANCE'

The term *governance* has many meanings. Stoker (1998, p. 19) defines it simply, as a 'complex set of institutions and actors that are drawn from but also beyond government'. The term *local governance* denotes that local government in Britain has been transformed from the dominant public institution to being one body among many which participates in a complex framework of governing (John 1997, p. 253). For Rhodes, however, governance is accorded a more specific meaning, referring to 'self-organising, inter-organisational networks' (Rhodes 1996, p. 660). He makes strong claims for this understanding of governance. In his foreword to the first volume of findings from the UK Economic and Social Research Council's Local Governance Programme (LGP), he states that '[t]he concept which forms the centrepiece of the LGP is that of governance which refers to self-organising, inter-organisational networks' (Rhodes 1999, p. xvii). These networks are characterized, he says, by interdependence between organizations, continuing interactions between network members and game-like interactions rooted in trust and subject to rules negotiated by network participants. They are also characterized by a significant degree of autonomy from the State which, no longer being in a sovereign position, can steer only indirectly and imperfectly (Rhodes 1996, p. 661; 1999, p. xvii). In his foreword to the second volume of findings from the LGP Rhodes claims that although markets and hierarchies vie with networks in this new world of local governance, networking is 'pervasive' (Rhodes 2000, p. xiv); it is the outcome of processes which he characterizes as 'the hollowing out of the state' and 'The New Governance' (Rhodes 1996). For Rhodes, trust is the central co-ordinating mechanism in networks in the same way that command and competition are the key mechanisms in hierarchies and markets. Thus, the challenge confronting governments is 'diplomacy'; that is, negotiation and agreement about aims and objectives (Rhodes 2000, p. xiv).

Where does 'partnership' stand in relation to this concept? For Skelcher *et al.* (1996, p. 2), networks are the roots from which formal, or bureaucratic, partnerships can develop. Stoker takes a different view, identifying three types of partnership which distinguish between principal-agent relations, interorganizational negotiation and systemic co-ordination. The first category involves purchaser-provider relationships, or contracts. The second category involves negotiation and co-ordination between parties through the blending of capacities, an arrangement which might result in a bureaucratic partnership. The third category goes further, establishing a level of 'mutual understanding and embeddedness' to the extent that organizations develop a shared vision and joint working which leads to the establishment of self-governing networks. Unlike Skelcher *et al.*, Stoker (1998, p. 23) views self-governing networks to be the 'ultimate partnership activity'. Rhodes takes a similar view, arguing that networks are high-trust mechanisms,

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while purchaser-provider contracts are low-trust mechanisms (Rhodes 1999). Lowndes and Skelcher (1998, p. 314) further distinguish between partnerships as organizational (bureaucratic) forms and networks as informal modes of social co-ordination. Importantly, they argue that formal partnerships do not necessarily produce mutual benefit, trust and reciprocity. They do not require trust or negotiation and bureaucracy can limit the capacity of partnerships for flexibility and innovation (Lowndes and Skelcher 1998, p. 324). In fact, they argue that partnership bureaucracy tends to re-enforce hierarchical tendencies instead of promoting networking. Either way, they caution that the co-operation and mutuality implied by the ideal-typical network mode of governance can too easily be read into partnerships (Lowndes and Skelcher 1998, p. 331). The balance of continuity and change in local governance therefore needs a better explanation (Shaw 1993, p. 258; John and Cole 1998, p. 385).

THE RISE OF URBAN REGIME THEORY

The rise of urban regime theory (Elkin 1987; Stone 1989) has been a contributory factor in these debates. Regime theory is a sophisticated, neo-pluralist understanding of local networking, focusing on the state-market relationship in US urban politics (Davies 2002). It argues that governing power depends on sustained inter-organizational collaboration around agreed objectives and that in cities such as Dallas (Elkin 1987) and Atlanta (Stone 1989) the urban policy agenda tends to reflect the preferences of down-town business elites. Urban politics have, says Imbroscio, witnessed an 'explosion' of studies, comparative or otherwise, using urban regime theory to analyse the dynamics of inter-organizational governance (Imbroscio 1998, pp. 233–4). This is true not only in the USA, where 'America's major urban journals are now filled with references to regimes' (Harding 2000, p. 54), but also in many other parts of the developed world from New Zealand (Brown 1999) to Europe (see Levine 1994; Strom 1996; Kantor *et al.* 1997). In Britain, too, scholars have debated whether it can be adapted to explain the spread of urban regeneration partnerships during the 1990s (see Lawless 1994; Stoker and Mossberger 1994; Harding 2000; Davies 2001). The characteristics of governing networks are close in kind to those described in regime theory.

Why, then, has there been such comparative interest in regime theory in the UK? Wherever one stands on the question of 'continuity and change' in urban politics, one clear arena of change has been the growth of policy transfer (Dolowitz and Marsh 1996; Evans and Davies 1999). Britain has borrowed urban policies from the USA (Atkinson 1995; Wolman 1992) which are held to have influenced the development of regeneration partnerships. Ward (1996, p. 427) observes that:

> The 1980s witnessed attempts to import to the UK an 'American' philosophy, culture and ideology that actively seeks to incorporate the business sector into urban regeneration.

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A well-known example of urban policy transfer is the USA's Urban Development Action Grant (UDAG) which was reproduced in Britain as the Urban Development Grant (UDG) (Wolman 1992; Atkinson and Moon 1994). Wolman's (1992) study demonstrates how the American programme influenced its British counterpart. The UK Department of the Environment undertook research in the USA during 1981, examining potentially adaptable policies for inner-city regeneration in Britain. According to Wolman, officials and ministers who visited the US were impressed by UDAG. They developed a version of UDAG based on American principles of private-public partnerships which were compatible with the ideas of Mrs Thatcher's government. Initiatives of this nature led to claims that there may be a process of convergence between political institutions in Britain and the USA (Bennett 1991a, b). Hence the question arose of whether urban regimes resembling the growth-oriented networks discussed by Elkin (1987) and Stone (1989) may be developing in Britain as a result of policy convergence (Harding 1994, p. 366; Evans and Davies 1999).

CONCEPTUALIZING REGIME GOVERNANCE

British and European characterizations of 'urban regimes' vary dramatically (see, for example, Lawless 1994; Stoker and Mossberger 1994; Harding 1994 1996b). The concept of 'regime governance' (Davies 2001) was therefore developed to redress the lack of a common conceptual framework around which fruitful discussions about the applicability of regime theory can take place outside the USA. The term 'regime governance' denotes governing processes that are based on networks. However, like regime theory itself, the framework is more nuanced than the basic notion of 'governance by networks'. Lack of space precludes a detailed elaboration of the concept of 'regime governance' (see Davies 2001), but a basic account reveals the similarities and differences between regimes and networks. It draws on the neo-pluralist assumptions of Elkin (1987) and Stone (1989) in their respective studies of Dallas and Atlanta (although these assumptions are problematic – see Davies 2002). These assumptions lie at the core of regime theory but its critics and adaptors have, on occasion, dispensed with them without adequate explanation (see Savitch and Thomas 1991; Di Gaetano and Klemanski 1993). The concept of regime governance further draws on Elkin and Stone by focusing on the state-market interactions which lie at the heart of economic development in US cities. John and Cole (1998) draw out a number of other important features of regime politics. Regimes, they say, involve collaboration between a range of organizations from the public and private sectors. Like governing networks, regimes are built on trust and diplomacy. They also denote a set of stable relations, that is, long-term collaboration to co-ordinate collective action around an agreed set of goals. According to Stone (1989), Atlanta's urban regime was hegemonic in the governance of that city for several decades. Crucially, regime politics create added value: the capacity to achieve inputs and outputs that could not

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otherwise be achieved – or 'power to' as Stone (1989) puts it. At the heart of regime theory, then, lies the idea that individuals and organizations must collaborate if governing outputs are to be achieved. Empowerment, or collaborative synergy, is an important issue for theories of networking. According to Cropper (1996, p. 82), the very survival of alliances depends on their ability to command and create value. Therefore, following John and Cole (1998, p. 387), regime governance is perceived to be 'interorganisational, sustained, coordinative and empowering'. Another distinctive emphasis in regime theory is that building regimes is a struggle (Stone 1989, p. 236). They have to be produced by agents, they do not build themselves and they may occur infrequently. The literature on policy networks associated with Rhodes on the other hand, tends to take networks, and particularly policy communities, for granted. Process, however, matters and the devil is in the detail.

Box 1 summarizes the properties that would be evident in processes of regime governance. The participants would be expected to include key public sector and private economic elites co-operating through informal networks based on trust and diplomacy. These networks would enjoy a high level of practical autonomy from political influences at other geo-political levels and they would, like policy communities, be sustainable over a long time frame. Consequently, regime governance would enjoy considerable reach, influencing politics across the policy spectrum in a large town or city. It would probably be concerned with economic growth, given the prediction in regime theory that the preferences of business elites will tend to be prioritized in the urban policy agenda. Finally, processes of regime governance would create governing synergy, allowing for the possibility of successful governance where there would otherwise be conflict or inertia (see Stone 2001 for a similar list of regime characteristics).

BOX 1: *The properties of regime governance*

Properties	Regime governance	Counter-indicators
Participants	Close relationship between local authority and business elites. Other sectors may be represented	No interactions between local authority and the business sector, except where it is required by law.
Co-operation	Voluntary networks based in trust and diplomacy	Hierarchical relationship between local actors and/or between extra-local and local actors.
Sustainability	Stable Collaboration over a long period	Unstable Short term, symbolic or instrumental
Autonomy	High. Objectives determined and resourced locally	Low. Objectives determined and resourced externally
Influence	Hegemonic project in a borough, town or city.	No influence. Any co-operation is symbolic.
Objectives	Localist. Likely to be growth-centred.	Determined externally.
Synergy	Public and private join to achieve otherwise unattainable goals	Collaboration is a zero or negative sum game.

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The counter-indicators column in Box 1 is designed to illustrate governing arrangements, including partnerships, which lack the characteristics of regime governance. The likeness of particular forms of collaboration to regime governance is evaluated against these two sets of indicators. While it is possible that governing arrangements, in the UK or elsewhere, might represent a good fit with the properties in either of these columns, it is also likely that some processes of governance will not conform closely to either. This contrast between regime governance and the counter-indicators is partly rhetorical, emphasizing the fact that regime governance is a highly specific form of collaborative politics and that it can be rare.

Regime governance is therefore a specialized form of networking. To the extent that its properties are found in local authority-business elite relations, they support Rhodes and those scholars who argue that regime theory is a useful comparative framework. To the extent that they are absent, the existence of regime politics and the assumption that networks are 'pervasive' in local politics are both called into question (Rhodes 2000, p. xiv).

This framework adds to the basic understanding of governance as networks in three ways. Firstly, it recognizes the ambitious explanatory range of regime theory (Davies 2002), importing the questions of who gains from collaboration and in what conditions particular collaborative forms are likely to develop. Secondly, it does not assume the existence of networks, recognizing that they are difficult to build and carry costs (Cropper 1996, p. 82; Stone 1989, p. 236). Thirdly, it questions whether collaborative governance generates synergy or 'added value'. Is it true, for example, that governance is no longer possible without networks? Would it make a material difference were public subsidies to partnerships re-channelled through the local authority? The characteristics of regime governance therefore offer a framework against which the comparative importance of networking in regeneration politics can be evaluated. The discussion now draws on empirical work undertaken by the author on regeneration partnerships in the UK to argue that processes of 'regime governance' are likely to be rare.

LOCAL GOVERNANCE AND REGENERATION IN BRITAIN

The research discussed in this paper took place over a period of eighteen months in four English boroughs: Barnsley, Rotherham, Hull and North East Lincolnshire. All four areas have suffered from ruinous economic decline and social deprivation; and all have been governed by the Labour Party for many years. Each was deeply engaged in building regeneration partnerships. The meaning of 'regeneration' in Britain has widened since the early 1990s, when it was associated mainly with economic and infrastructural development. It is now an umbrella term understood as the 'promotion of the social, economic and environmental well-being of an area' (LGA April 1998). The research therefore examined a range of partnership

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activities in the spheres of education, a special interest of Stone (1998 2001), economic development and place-marketing. It became clear that a loose distinction between 'policy' and 'implementation' partnerships would be useful (see Skelcher *et al.* 1996, p. 5 for a similar distinction). Collaboration tended to be structured in a way that produced both 'policy' partnerships responsible for establishing goals and making funding bids and 'implementation' partnerships responsible for project delivery. There tended to be a division of labour between these partnership 'types'. More importantly, they exhibited different collaborative dynamics, which are discussed below.

The overall conclusion was that the endogenous dynamic, or internal glue, of regeneration partnerships is weak. An ideological commitment to collaboration existed in all areas, together with relatively well established policy partnership structures with Boards, sub-committees and professional advisors. However, the more thorough the examination of these partnerships, the less substantial they proved to be. Business participation, in particular, was very limited. At most there were a handful of local business activists in partnerships. Moreover, while usually agreeing that the partnership principle was good, they were cynical about partnership practices. Central government programmes, notably the 'challenge fund' approach to urban regeneration, has generated formal links between local government and business, normally at the initiative of local authorities desperate for funds.

In the early 1990s, the British Government introduced the principle of challenge funding to Britain. This principle involved encouraging local authorities to collaborate with business leaders and other local agencies to bid for regeneration funds. The first such fund, City Challenge, was introduced in 1991. It was replaced in 1994 by the Single Regeneration Budget (SRB), the British Government's flagship regeneration programme until 2001 (Stewart 1994; Bailey *et al.* 1995). However, the partnerships bidding for these funds, commonly the policy partnerships, tended to be shallow, lacking internal momentum and synergy. The pre-eminent partnership form was a top-down bureaucratic structure, pre-occupied with tailoring local political strategies to prescriptive funding criteria set by central government. Within these partnerships business input was of little importance, partly because the local business elites were weak, partly because the local business sectors were not characterized by a culture of community activism and partly, in consequence, because there were no material incentives for business leaders to become involved. The one or two exceptions to this finding were companies with strong local roots, whose involvement in partnerships were generally limited to attending meetings.

Implementation partnerships, however, were more substantial, generating moderate levels of intellectual and material leverage from collaborators. Where potential benefits were foreseen, and there existed a degree of local autonomy over the project agenda, business leaders were more inclined to share risk and contribute resources. However, initiatives of this kind were

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the exception and implementation partnerships could draw on only a small fraction of the resources available to policy partnerships, which commanded millions of pounds in public sector subsidy from British and EU governments. The following paragraphs look at these findings in more detail.

Synergy in policy development

Collaboration between public and private sectors was clearly present in all cases. But the level of strategic autonomy within policy partnerships was undermined by extra-local political forces. Local partnerships are regulated by a range of governmental policy instruments. They are symbolic, they are not sustained by local resources and they have not produced added value. The main external dynamic at work here was central government whose policies have resulted in each case in similar partnerships and strategies, but which have also prevented internal synergy from developing. Project realization does not rely on co-operation, trust and diplomacy within the partnerships. A common sentiment was that partnerships are 'local administration and not local governance' and people felt that there have been too many partnership initiatives, a feeling summed up by one business executive who described them as 'servicing a dogma'. According to one council leader, the local policy partnership was established not because it was viewed as the correct strategy, but because it was 'what the government said we've got to do'. Local partnership activists perceived it as grant-driven, a view supported by the fact that changes in the direction of the partnership since the early 1990s closely followed developments in government thinking, articulated through the guidelines for partnership bids to City Challenge and later the SRB. The sheer weight of bureaucracy associated with the SRB proved exhausting and discouraged thinking about local needs. Activists felt compelled to pursue grants regardless of local priorities in order to bring resources into the community. The pursuit of public money was naturally an activity at which local officials were adept. However, it alienated business leaders who had little to contribute except a signature in support of the bid. One key business leader, a member of the local partnership Board, viewed it as a fashionable gesture involving little practical commitment. Thus it was generally perceived that apart from levering in more public money, which could just as profitably be re-channelled through the local authority, the partnership had achieved little of tangible benefit.

Synergy in implementation partnerships

Nonetheless, the practice of partnership has spread well beyond bidding for grants. Whether this development is attributable to the influence of policy partnerships themselves is debatable. In education, for example, the Government has recently introduced a new layer of 'Lifelong Learning Partnerships' which local activists fear will further curtail local political auto-

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nomy and undermine the potential for partnership synergy. They worried that the problems of bureaucracy and over-prescription associated with the SRB will afflict hitherto autonomous collaborative activities, resulting in a further centralization of urban policy. However, the evidence suggests that policy partnerships have had some spin-off effects. The best example of an implementation partnership in the four boroughs from the standpoint of financial leverage was Hull's 'CityImage'. The CityImage partnership is, loosely, an implementation arm of a wider policy partnership called 'Hull CityVision'. It was developed to change a common perception of the City of Hull as a depressed fishing town. The Bishop of Hull, together with an executive from a local company, devised a Bond scheme in which firms buy a stake in an image enhancement programme. Purchase of the Bond buys access to political leaders, including breakfast meetings at which bondholders meet council leaders to discuss major proposals and developments in the City (it was emphasized by those involved that this practice is legal and it does not purchase competitive advantage for Bond-holders). The money raised from the Bond has been used to lever extra funds from the UK Government and the European Union to support the 're-branding' of Hull as a 'pioneering city'. Business involvement in the partnership was viewed as vital to the credibility and future success of the scheme, which was said to have generated collaborative advantage by securing at least one major development which would not otherwise have occurred.

The extent to which the practice of partnership working had spread varied from place to place and this unevenness makes it difficult to pigeonhole the range of partnerships in each area. What can be said is that there is more evidence of added value and business enthusiasm in project implementation than in policy development. It is certainly plausible that the culture and practice of co-operation engendered in policy partnerships, however symbolic, has re-enforced the ideology of partnership leading to the proliferation of other more synergistic partnerships. There is evidence that implementation partnerships have an internal dynamic, meaning that there is sufficient impetus for partnership activities to occur without external incentives. There is also evidence that this partnership dynamic can produce added value, or collaborative advantage (Huxham 1996). A handful of business activists have had a visible impact on partnership outputs.

However, it is apparent that even implementation partnerships like CityImage are bureaucratized, though less so than the policy partnerships. Most significant issues were discussed within the partnership apparatus and informal networking through mechanisms such as telephone calls, luncheons and hospitality was not generally viewed as decisive on important issues. Thus, whether the 'synergy' in implementation partnerships is sufficient to sustain them and generate more informal networking in the long term remains open to question. Is it possible to say that small-scale isolated examples like CityImage represent a trend toward a new,

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regime-like, governing elite? Is there a 'space' for the growth of regime politics in these partnerships?

Partnership trends

One factor which suggests not is that partnerships have not been instrumental in achieving their visionary ambitions for regeneration. For example, a few business leaders from the chemicals sector have been involved in partnerships in North East Lincolnshire but council leaders could not identify any community benefits from the billions in capital investment pumped into the industry during the 1990s. Political leaders in North East Lincolnshire described this investment as 'job-free growth', creating situations such as that of the town of Grimsby, which was simultaneously one of the most profitable business location and one of the most deprived places in England. There was little optimism that partnerships will succeed in reversing social and economic decline. Stone (1989) claims that regimes are about small opportunities, small purposes and achievements, and while regime theory shows that collaborative projects need not be very ambitious, they should make a difference (Stone 1997, p. 22). So far, there are grounds for scepticism that partnerships are making a difference. If Cropper (1996, p. 82) is right that the continuation of alliances depends on the realization of added value, the failure to achieve regeneration objectives could produce a tendency for partnerships or networks to fragment.

Another factor limiting the local capacity for regime governance in Britain is the continuing weight of bureaucracy imposed on partnerships. Champions of partnership working in the localities are seeking a balance between the bureaucratic rigours imposed by central government and the problem of accountability in informal networks. Local elites have not passively accepted partnership bureaucracy. They are frustrated with it and worried that New Labour is driving bureaucratization still further through initiatives like Lifelong Learning Partnerships. Ministers in the UK Government have recognized these concerns, but maintain that accountability for public money must remain a priority. Large scale partnerships which rely on government grants are therefore likely to remain bureaucratized, despite the Government's commitment to placing residents at the centre of new area-based initiatives such as New Deal for Communities.

PARTNERSHIPS AND REGIME GOVERNANCE

Stone (1988, pp. 89–90) argues that policy setting coalitions (urban regimes) fulfil a policy making function which arises from the needs and aspirations of a community. The evidence suggests that the local regeneration policy making function in Britain has not engendered and does not require a strong, locally based, policy coalition. The role which a policy coalition, or urban regime, would play is occupied by central government. Jessop (2000) argues that local governance is likely to produce unintended effects which

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counteract the objectives of reformers. However, the limited success of partnerships in this case is predictable because of the way they are designed. Horizontal networking does not seem to develop within hierarchical structures (Morgan *et al.* 1999; Davies 2000). Unsurprisingly, then, synergy decreases with proximity to central government influence.

If New Labour is serious about generating bottom-up local partnerships and unlocking the potential for local initiative it will have to roll-back Whitehall's influence on local political processes and reconstitute partnership institutions in a way which encourages collaborative synergy. Elkin (1987, p. 177), elaborating a 'constitutive' approach to political institutions, warns that too much central control over the finances of local government inhibits the vital, deliberative nature of the city. For Elkin (1985, p. 262), political institutions must be based on principles consistent with the outcomes they are intended to generate. If Elkin is right, current partnership structures would have to be redesigned to enable local innovation and autonomous action. It is interesting, for example, that in the USA, while local governments are 'creatures of the state', they enjoy a great deal of practical autonomy (Stone 1998a, p. 2). If Rhodes is right, this autonomy is a condition of networking, trust and diplomacy but it is not a salient feature of local regeneration politics in Britain.

Curiously, these conclusions are supported by the very LGP studies which Rhodes forewords in support of his thesis (Stoker 1999, 2000). Most of them call his initial assumption into question, showing that local collaborative dynamics remain weak across a wide range of local governance activities in Britain. Three relevant conclusions can be drawn from these studies. Firstly, while there are exceptions, local politics in general, and not just regeneration partnerships, are characterized by hierarchies which, if anything, are becoming stronger. Secondly, to the limited extent that networking is occurring, it is easier to build and sustain where the influence of central government is weakest. Thirdly, where new participatory mechanisms have been established as part of the drive to re-build local democracy (see DETR 1998), and where they have succeeded in mobilizing sections of a given community, they have not given local citizens more control over local politics. Participatory strategies have not resulted in bottom-up networks, in part because they are constrained by hierarchical tendencies and in part because non-state actors do not have sufficient leverage, once involved, to make a difference.

There is plenty of literature which supports this perspective. Peters (2000, p. 42) argues that the 'new governance' is incapable of recognizing cases where the State remains capable of 'ruling'. For Harding (1997, p. 308), the State is now, more than ever, influential in determining the way cities and regions respond to the challenge of globalization. Harding and Le Galès (1997, p. 200) conclude that political change at the national level remains vital in mediating between global pressures and local responses, while Strom (1996, pp. 476–7) argues of Berlin that even with the internationaliz-

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ation of the economy, the nation state is the critical determinant of the local policy process. Morgan *et al.* argue that:

> the presence of regional institutions in Wales presents us with an uncomfortable paradox, namely that the Welsh Office, by virtue of its power and resources, tends to foster vertical networks which have the effect of disempowering local actors from building effective horizontal networks (Morgan *et al.* 1999, p. 194).

They go so far as to claim that extra-local influences are so powerful that the governing without government thesis is a 'fatal conceit' (1999, p. 196). The weight of evidence suggests that typologies of collaborative politics based on the conception of governance as networking obscure the continued power of the national state. As Harding observes:

> Urban studies ... might wittingly or unwittingly be conspiring in the representation of current events, trends and policies as if they were in some way natural and unavoidable, when in fact a range of other representations and options is possible (Harding 1997, p. 292).

Scepticism about the place of local politics in Britain within the governance debate is therefore crucial. At the very least, these findings suggest that it has not been sufficiently nuanced, a point further developed below. Box 2 compares these findings with the indicators of regime governance and counter-indicators set out in Box 1, above. The findings column in Box 2 shows that British regeneration partnerships do not resemble the characterization of regime governance in the first column. They bear a closer relationship to the counter-indicators column, but again, there is a significant difference. Regeneration partnerships, it seems, are a distinctive institutional form.

GOVERNANCE BY PARTNERSHIP: A CASE OF CREEPING CENTRALIZATION

If regime governance is not a useful way of categorizing regeneration partnerships in Britain, on what basis can they be compared with urban regimes in the USA? The finding that government regeneration schemes impede the development of local synergy suggests a contrast between partnership as one mode of governance and the autonomous self-governing network as another. Central government has played a key role in generating this contrast. Stoker (1998a, p. 49) asks whether it is possible for elected officials to exercise some control over the 'partnership networks' constituting local governance. The answer is 'yes' because policy partnerships tend to reflect central political priorities, sometimes down to the detail of individual projects. In fact, the influence of the centre over the locality appears to be growing, rather than contracting, as Stoker's question implies. While they may play other roles too, in this context, policy partnerships are instruments of central government (see Brookes 1999, p. 46).

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BOX 2: *A comparison of regime governance and regeneration partnerships*

Properties	Regime governance	Counter-indicators	Findings
Participants	Close relationship between local authority and business elites. Other sectors may be represented.	No interactions between local authority and the business sector, except where it is required by law	Many bureaucratized public-private partnerships Few elite participants.
Co-operation	Voluntary networks based on trust and diplomacy.	Hierarchical relationship between local actors and/or between extra-local and local actors	Hierarchical. Direct coercion on local authorities Business participation minimal
Sustainability	Stable. Collaboration over a long period	Unstable. Short term, symbolic or instrumental.	Policy partnerships depend on grants Implementation partnerships more dependent on local resources.
Autonomy	High Objectives determined and resourced locally	Low Objectives determined and resourced externally.	Very limited in policy partnerships Greater in implementation partnerships.
Influence	Hegemonic project in a borough, town or city.	No influence. Any co-operation is symbolic	Extra-local influence determines choices in a range of policy arenas. Local influence limited to small implementation initiatives.
Objectives	Localist. Likely to be growth-centered	Determined externally	Entrepreneurial and statist A few cases of localism.
Synergy	Public and private join to achieve otherwise unattainable goals.	Collaboration is a zero or negative sum game.	Limited evidence of 'added value'. More success in implementation partnerships

This process is not, therefore, a central-local partnership of equals. But it would be a mistake to see it simply as the domination of one level of government over another. It is not only about bringing local government and business together, it is also about drawing local 'stakeholders', including business, into supporting and carrying out the UK government's agenda for regeneration in the locality. There is empirical support for this argument. John and Cole (1998, p. 384) argue of Leeds that, due to its engagement in partnerships, local business is 'more subject to the balance of public decisions than before'. Peters (1998, p. 29) argues that partnerships could subvert private sector goals 'in the name of achieving broad public sector goals'. Partnerships could therefore be a way for a government committed to market-led growth to win influence over the market through incorporating business leaders into its view of regeneration, as well as being

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a means to focus local authorities on growth and efficiency. Atkinson (1999, p. 67) argues that government advice plays an important role by incorporating partnership activists into the 'linguistic market and products which dominate urban regeneration, creating an appreciation of what is appropriate and likely to be valued'. Partnerships may be as much about bringing other groups into co-operation with the state as they are about bringing local authorities into partnership with other 'stakeholders' and creating networks. In a sense, the process can be seen as an attempt to incorporate civil society (defined as that which exists outside the formal-legal institutions of the state) into state-driven governing mechanisms, blurring the edges between state and non-state institutions (see Stoker 1998a, p. 46; Peters 1998; Pierre 1998; Hirst 2000).

One characteristic of the new governance and the hollowing out of the state is the loss of functions by the centre to alternative delivery systems, often involving a distinction between policy and administration. A second characteristic is the reduced capacity of government to 'steer' (Rhodes 1999, p. xxiii). The processes discussed here represent a form of 'hollowing out', insofar as central government has in recent years decentralized some responsibilities for regeneration to the locality. But this is a very particular form of hollowing out. There is a paradoxical process of decentralization and centralization occurring in which responsibilities for regeneration imprison, rather than liberate, local political initiative. The State is therefore trying to increase its capacity to steer and, in this context, the distinction between 'steering and rowing' seems semantic. It may be relinquishing *direct* control, but in doing so, it is attempting to purchase wider *effective* control. In short, it is attempting to buy new governing capacity in the locality, rather than leaving local governance to markets and networks (see also Davies 2000, 2001).

How can these developments be explained politically? This is an important question which cannot be fully answered here. However, Stewart offers the basis of an explanation, highlighting a contradiction in 'New Labour' between its commitment to decentralization and its tendency to centralize, evident in the White Paper *Modern Local Government: In Touch with the People* (DETR 1998). The evidence suggests that the Blair government is sceptical about local autonomy. Stewart highlights a common view among ministers and civil servants that the 'quality of local government members is not as good as it used to be, and not good enough by any standards'. The calibre of elected councillors is presumed to be low and to be becoming lower, a perspective which Stewart describes as 'elite contempt' (Stewart 2000, pp. 95–6). Tony Blair has charged local government with 'changing again so that you can play your part in helping to modernize Britain'. Crucially, this modernization is necessary so that local government can, in Blair's words, 'in partnership with others, *deliver the policies for which this government was elected*' (IPPR 1998, p. 22, author's emphasis). Blair promises an enhanced role to those who 'accept the chal-

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lenge' and threatens those who are 'unwilling or unable to work to the modern agenda'. Correspondingly, measures for 'modernizing' local government are a mixture of incentives and sanctions and decentralization is the reward for improved performance (Stewart 2000, p. 123).

This approach reflects the 'elite contempt' which Stewart describes and it provides a clear philosophical basis for New Labour to erode local political autonomy. Local authority leaders it is suggested cannot be trusted and, of course, this is one reason for promoting partnerships. But 'trust' is a key ingredient in the conception of governance as networking and despite the rhetoric of partnership from ministers (see Stoker 1999a, p. 17), 'trust' is missing from the central-local axis. Local actors do not have the right to make significant political choices. They are junior 'partners' of the centre, not instruments of the vital, deliberative, local polity (Elkin 1987, p. 177). It is uncertain how this contradiction will develop, but decentralization seems unlikely to proceed at the expense of 'modernization'.

COMPARATIVE IMPLICATIONS

What are the implications of these conclusions for comparative studies? A key conclusion is that partnerships as a mode of governance are distinctive from regime governance, and that the factors which sustain partnerships undermine networks. In this sense, the two processes are mutually exclusive. The situation is not adequately described either by the traditional use of the term 'local government', or by the term 'regime governance'. A better distinction between different kinds of local governance is needed which recognizes the fact that networking is not 'pervasive' in all dimensions of local politics. Box 3 provides a brief contrast between three forms of governance: the traditional model of 'governance by government' where local government is the pre-eminent actor in local politics; 'governance by partnership' which reflects the top-down interpretation of the politics of urban regeneration developed in this paper; and 'governance by regime', the form of governance which closely resembles Elkin's (1987) and Stone's (1989) description of regime politics in the USA. Box 3 illustrates that 'partnership governance' is not necessarily a step away from 'local government' toward 'regime governance'. In fact, the logic of the preceding arguments is that partnership governance tends to re-enforce the power and extend the boundaries of the State. Britain appears to be travelling one road, the USA

BOX 3: *Distinguishing modes of governance*

Governance by government	**Governance by partnership**	**Governance by regime**
Local authority delivers the welfare state. Few non-statutory interactions between Council and business leaders.	Local partnerships are bureaucratic conduits of government policy. Little local autonomy, trust or collaborative synergy.	Local political autonomy, trust and collaborative synergy in sustainable, self-organizing networks.

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another. The question which follows is the extent to which patterns of partnership governance and regime governance are replicated in other countries where regeneration is on the political agenda. Box 3 offers a basic tool for cross-national comparison.

The case of urban regeneration suggests that in Britain at least, the search for governing arrangements which resemble the business-centred networks described by Elkin (1987) and Stone (1989) in the USA is likely to be fruitless. Equally, to describe all local partnerships in the language of networks or regimes is to hide important distinctions between different forms of collaboration. The 'governing without government' thesis fails to recognize the point touched on by Stone (1989, p. 236) that networks do not build themselves and that they carry costs (Cropper 1996, p. 82). This is one lesson from regime theory which can inform comparative studies of local governance. The findings also suggest that locally centred studies in Britain, more than in the USA where local governance processes have greater effective autonomy, must take account of extra-local factors. The fact that urban regeneration partnerships are weak political institutions does not mean they are not worth studying. But it does mean that extra-local processes, particularly the role of central government in this case, remain critical to a sophisticated understanding of local politics. Daland (1969, p. 20) argues that the closer local government is to being a 'district of central government', the more trivial it will be in explaining local political outcomes. Hence, comparative research into local partnerships must be embedded in a set of problematized or *a priori* assumptions about the influence of extra-local factors on local politics. In American urban regimes, political and economic context matters, but it is less important in explaining the day to day processes of local governance than in Britain. Future comparative studies which assess the relative influence of national politics on local partnerships might therefore investigate the political 'space' for governance by networks and regimes.

The earlier discussion about the spread of urban regime theory touched on the theme of policy transfer and convergence. It has been argued that urban policy in Britain is becoming more like its counterpart in the USA because 'UK governments and umbrella groups from the corporate sector have pushed the American model of urban development on public policy makers and other potential contributors to urban regeneration'. As a consequence, 'UK academic commentary ... has focused on public-private partnerships, which bear a close resemblance to their US counterparts' (Harding 1994, p. 356). Things are not quite so simple. At one level there has been convergence: in the emergence of a political culture among local government elites in the UK which conceives of business engagement in urban regeneration as a positive development. There has thus been a diffusion of neo-liberal attitudes to the relationship between state and market. But the contrast between partnership governance and regime governance also implies recognition of difference. Because the UK is a union state in which

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local government enjoys little autonomy, and because the British business sector lacks the collaborative traditions of its US counterpart, strategies for engaging the private sector in urban regeneration have been imposed from the top-down. The predictable result has been the suppression of any local dynamic to collaboration, the opposite outcome to that in the USA.

It is important, therefore, for comparative local studies to place sufficient emphasis on difference. The fashion for highlighting processes of convergence, which the governance thesis implicitly encourages, could obscure important processes of divergence. There is a longstanding literature discussing whether societies are becoming more alike (see Tinbergen 1959, Galbraith 1972, Inkeles 1981). The emphasis, at the macro level, has been to predict further convergence. More recently, scholars like Cerny (1996 1999) have argued that globalization is as much about divergence as convergence. Ideologies and policies developed in once place and applied in different political and economic landscapes can result in a multiplicity of practices and outcomes. The research discussed here says nothing about broad societal tendencies. However, at the level of local politics, it supports the idea that globalizing factors, like the cross-national transfer of urban policy, can result in political and institutional divergence. There is an entrenchment of difference, if not growing divergence, between the institutions, culture and practice of urban regeneration in Britain and the USA.

How much comparative purchase are these conclusions likely to have? The research is drawn from a relatively narrow set of examples, yet these places are fairly typical of many declining areas of Britain and possibly Europe. As is argued above, there is plenty of work which suggests that governing networks are not pervasive on the European continent or in Britain. On the other hand, it is likely that size matters. For example, it is an interesting question whether networking is easier in regional centres such as Leeds, Lille (John and Cole 1998) and Manchester (Cochrane *et al.* 1996), or in global cities such as London, Tokyo and New York (Sassen 1991), than in smaller cities and towns. Big business elites in a large city are more likely to have the capacity to create alliances with political elites than the owners of small businesses in a town such as Barnsley. But their presence need not necessarily translate into a concern with community affairs in the way it does in the USA. These comments suggest that theories of governance need to be geographically and politically sensitive and that the prevalence of networking may vary between geo-political levels of governance as well as between political systems.

CONCLUSION

This paper is a challenge to the 'fatal conceit' of 'governing without government' (Morgan *et al.* 1999, p. 196), supporting scholars who are sceptical towards the universal applicability of the concept of 'governance as networking'. Instead of growing autonomy for the local institutions of urban regeneration in the UK there is increasing political centralization. It can be

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said, with qualifications, that in the mix of market, hierarchy and network, hierarchy is the dominant trend in the politics of urban regeneration. The paper suggests three key reasons for this state of affairs: the 'elite contempt' in which local government is held by New Labour, despite the rhetoric of decentralization; the lack of collaborative resources available to potential 'stakeholders' in decimated local economies; and the continuing absence of a culture of community activism among many business elites in the UK. This is not to deny that there have been significant changes in the politics of regeneration given the proliferation of partnerships over the past 15 years or so. Partnerships are a re-organization of central-local relations, through which the UK government is attempting to purchase added leverage over a range of local 'stakeholders', insofar as they can be drawn into the process. This change is important, but it is not one that favours networking and regime building.

The qualification to this conclusion is that there is evidence of a culture of partnership working in implementation partnerships where there is greater autonomy than in bureaucratic grant-driven policy partnerships. These partnerships, although they too tend to be bureaucratized and operate on a very limited scale, offer greater potential for the growth of networking because they are fashioned around local concerns, local initiatives and local resources. Although the current fashion for regeneration partnerships began in the early 1980s, partnership working is still new in many arenas of local political life. It must be acknowledged, therefore, that the development of regeneration partnerships is an on-going process which could produce favourable conditions for networking. Yet any such trend is likely to come up against the powerful counter-tendency of centralization, suggesting that a complete change in the structure of central-local relations is a pre-condition, necessary if not sufficient, to sustain a culture of governance by network.

Viewed through the lens of urban regime theory, these conclusions show that local governance in the UK remains resolutely different from its counterpart in the USA and a conceptual distinction must be drawn between governance by network, or regime, and governance by partnership. The politics of urban regeneration in the UK are the politics of governance by partnership. In the USA, the balance between hierarchy, market and network is different, favouring governance by network. It follows from this distinction that convergence between the local politics of Britain and the USA has thus far been limited. On the contrary, it is possible to identify processes of divergence in the partnership and regime modes of governance described in Box 3.

If they are to account for the complexity of the governance map, theories must give greater recognition to the possibility that globalizing tendencies like policy transfer can produce divergent outcomes. It cannot, therefore, be assumed that the networking mode of governance is pervasive at any geo-political level of governance. The relative prevalence and significance

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of networking is a problem of crucial importance in the governance debate and should be subjected to rigorous comparative inquiry.

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EUROPEAN FORUM

ON THE NATURE OF POWER: AN EXAMINATION OF THE GOVERNING ELITE AND INSTITUTIONAL POWER IN SPAIN, 1939–92

MARIANO BAENA DEL ALCÁZAR

This article summarizes a study of the political, bureaucratic and economic elites in Spain, from the Franco regime through the democratic transition to the socialist governments of the 1990s. Data on the people holding posts in one or more of these elite groups were used to test and extend the theory of elite circulation first formulated by Vilfredo Pareto. The data confirms that Spanish elites became more open to others in the democratic period. Up to the present time, they continue to be integrated through multi-positionality – many bureaucrats also hold political or economic posts – though to a lesser extent than in the past. Our empirical findings enable finer distinctions to be made about the different modes of elite circulation. These results show the changing nature of the networks that form when posts in different sectors become associated through multiple post-holding. These networks are an important component of the social fabric in Spain and elsewhere and deserve further investigation.

INTRODUCTION

The main objective of the research from which this article is drawn was to use the Spanish experience to gain a better understanding of the structure of power. We therefore examined data relating to the people who exercised power in Spain from 1939 to 1992 (Baena 1999). Although there are many political, historical and institutional publications on this period, few up to

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now have considered the groups of people who actually exercised political, administrative and economic power. It seems obvious, however, that conclusions can only be drawn about the reality of power by starting from a study of the people who exercise it.

In carrying out research on elites, care needs to be taken that the study is not restricted to the composition or the representativity of the governing group (Putnam 1976; Parry 1988). Nor should conclusions be based on data that are not capable of revealing the plurality of attributes and groups. Data on the plurality of the elite are essential, according to Etzioni-Halevy (1992), and could overcome the controversy between elitists (as represented by Wright Mills 1973) and pluralists (Dahl 1961). If we want to reach scientific conclusions of more depth we need to discover if there are connections between groups, and whether these connections translate the heterogeneity of the groups and the people into structural fact.

The empirical research reported here set out to reduce the risks of drawing conclusions from limited data. Firstly, a large number of people (nearly 25 000) were studied over a comparatively long period of time (more than 50 years); this allowed us to see if they stayed in power despite changes in political regimes. Secondly, the study was not limited to the political and administrative fields (parliament, government and the administration), but also included the economic domain (large public and private enterprises), on the assumption that this domain is important in itself, and in order to define the connections betweeen the political and economic subsystems. At the same time, we studied people who formally exercised power by holding important political and administrative posts. So this study disregards those groups and people who may have had an influence on power or who *have* power, but are not or *have not been in* power.

Though a study of one country does not enable conclusions to be extended to other countries (Bottomore 1964), it is of general interest in as far as it implies that the study of power should move, from the people who make up the elites, to the networks of connections between the posts they occupy.

THE SPECIAL CONTEXT OF SPAIN

Though the study of a single country case may seem to be a limitation, research on elites in Spain is of special interest because of the extensive changes in power and in society that Spain has undergone in the last 50 years.

The research spans three political periods, each of which has different characteristics. The first (1939–75) is that of General Franco's political dictatorship, with its origins in the civil war just before the Second World War. The second (1975–82) is a complex political transition that starts as an apparent continuation of the previous situation though quickly gives way to the approval of the Constitution in 1978 and the establishment of a democratic regime. The third (1982–92) is that of democratic government excercised by a left-wing party, the Spanish Socialist Workers' Party

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(PSOE), which gives this period a particular character. This means that the elites studied are those of a dictatorial period, a democratic period and a political transition with very special characteristics. Comparison of the three stages, where in formal terms the systems of access to power and its nature are very different, offers a good field of study in terms of elites.

Not only were the institutions different during the three periods, but so too were the political and economic contexts. In the earlier years of the first period studied, the dictatorship was of a totalitarian nature (though it became more of an authoritarian and paternalistic regime later), with the typical features of fascism. The Spain it operated in was a poor country, further impoverished by civil war and isolation. The state tried to overcome or reduce this poverty by fostering public enterprises in the industrial sector. Civil society, partially absorbed by the state, was weak. All movement came from those in power, a power that was exercised by the dictator and members of the 'single-party' which together served to manage appearances. This is not the place to chronicle the evolution of a regime that took such a deep hold from 1939 to 1975. However, changes in the international context, such the treaty signed with the United States in 1953, the admission to international organizations and the facilities given to foreign investors, mean that the last years of the Franco regime, in which a generational change also took place, were very different. Society was more mature, wealthier and open to other Western countries as well as better prepared for the democratic transition that took place after the dictator's death.

The transitional period introduced great change, both in the setting up of a constitutional and parliamentary regime and in the recognition of rights and the existence of democracy. Further, it included the change from authoritarianism to social tolerance, from a single party to pluralism, and from centralism to regional territorial autonomy. The importance of private companies who were strongly linked to international capital grew steadily. During the transition the parties of the opposition were legalized and started to excercise their right to compete; however, it should be remembered that the transition was made by a centre-right government and that the politicians in power came largely from the Franco regime itself (though perhaps this phenomenon was exaggerated in popular consciousness). Right-wing politicians who cohabited easily with the idea of capital continued in power, although it was now a right wing that was able to make a pact with the political, economic and regional forces excluded by the previous regime.

For the reasons given above, the third period studied – that of the first ten years of Socialist Party government – is again one of great transformation. Democratic (and peaceful) rotation in power of political parties became a fact of Spanish life. Numerous popular aspirations were satisfied. The political class was renewed, and recruits came to a great extent from the peripheral regions. The process of creating the autonomous regional territorial institutions was completed. The accession of Spain to the European Com-

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munity and its entry into NATO especially implied a full integration into the Western world and encouraged and energized economic activity.

The successive transformations over this lengthy period mean that the study of the elites and their continuity and circulation are of particular interest. Despite these changes, the power structure does not seem to have been similarly transformed. Under these conditions, an examination of whether or not people have stayed in positions of power offers valuable insights since even a negative conclusion leads to issues of *structure* which are different to and more important than those of the permanence of individual persons and groups.

THE POSITIONS OF POWER

Although there is not enough space here to offer an explanation of all the institutions in detail, the posts and postholders studied need to be located in their specific Spanish context.

Political and economic posts in the Franco regime (1939–75)

During the Franco regime, the government and the administration, unsurprisingly, played the main roles, because the dictator controlled them very effectively until his death. But this statement actually incorporates a number of significant points. First, the authoritarian nature of the regime gave rise over time to a confusion between Head of State and Presidency of the Government (the Prime Minister's Office). Since the same individual exercised both functions, together with the power that each of them gave, personal and institutional factors were superimposed. During these long years the government's administrative structures also mingled with those of the single-party (the National Movement). As in other authoritarian countries, the structure of the state was replicated in the structure of the party.

Two other factors were of importance: one is specifically Spanish and the other is of a more general character. In Spain there are a great number of political appointments to posts, much more than in other countries. This practice runs alongside a powerful professional civil service and the appointment of high officials to political posts, although politicians who are not civil servants can also be appointed. This situation has always been a specific feature of the Spanish administrative system, but it was reinforced by Franco, who frequently appointed high civil and military officials. In addition, as in other countries over this period, the administration grew as society developed, increasing the importance of the government and the administration. In Spain, not only did the number of ministries double, but numerous public corporations were created, mainly to manage economic intervention.

As a result of these factors, the number of posts of power in the domains of government and administration was much larger than might be expected. The posts studied therefore were all those appointed by govern-

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ment decree, since such appointments, unlike lower-level positions, required the dictator's approval and his signature. These posts were to be found in the ministries, in the single-party, as well as in advisory bodies, the courts, the foreign service, delegated administrations, public companies and other state bodies.

In comparison with the government and the administration, the Spanish Parliament was of small political and social significance. Parliament was named the 'Cortes orgánicas' and was created in 1942 when it began to be seen that the Allies might win the Second World War. It should not be forgotten that for many years, even from the official point of view, the Cortes was only intended to be a body whose purpose was to collaborate with the Head of State in his legislative duties. According to the image the regime tried to portray, the members of parliament were appointed by the organizations that were represented in Parliament, but in fact their leaders were designated to a great extent by the Head of the State, who directly or indirectly appointed most of the supposed 'Parliament'. Frequently the appointees were high civil or military officials. However, Franco's Cortes is of interest, not as a representive organ of the Spanish people, but as a centre or organization where those in favour of a regime which exercised power met. For this reason, their members were included in our study. Thus the political field is composed of the universe of the Cortes, using data from each Cortes, as well as appointments to the government and the administration, as published in the Official Gazette.

In the economic field, our research focused on larger companies (defined as having capital of at least 100 million pesetas). Since it was impossible to study all the entrepreneurs involved during this long period, those selected came from both public and private companies and were members of boards of directors in 1972. Public enterprises were of great significance in this period. Official monopolies, such as tobacco, the telephone service and oil, continued to be important; in addition, the regime created an industrial holding – the National Institute for Industry (INI), in imitation of the Fascist business groups in Italy – which spawned numerous companies with public or private capital. Yet large private companies also developed and multiplied, receiving strong impetus from foreign investment and admission to OECD, the Organization for Economic Cooperation and Development. A sizeable role was also played by the investment of foreign capital at the end of the period. The most important economic sectors were banking, the chemical and pharmaceutical industries, public works and credit companies. These factors affected the relative influence of ministries and other public bodies. They gave weight to the Prime Minister's Office, which was responsible for INI until 1970. The Ministries of Finance and Industry were also important power centres, as was the Economic Plan Commissariat, the Ministry of Employment (which controlled the labour force), and the Ministry of the Interior (responsible for public order).

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Posts and the fields of power during political transition (1975–82)

The political transition spanned more than one stage. At the beginning, Franco's Cortes was still extant (1975–77), although later a Parliament was elected that sanctioned the Constitution, with elections in June 1977 and approval of the Constitution in 1978. After new elections, the centre-right Union of the Democratic Centre (UCD) exercised the functions of government from January 1979 until December 1982.

In the political field, the decisive change came with the election of a democratic Parliament, chosen by popular mandate, although the King was to appoint a limited number of Senators to the first Cortes of 1977. There are two Houses in the Spanish political system, Congress and the Senate; political power, however, is concentrated in Congress, which, to put it as briefly as possible, votes for the prime minister and decides whether or not legislation should be approved after a period of scrutiny by the Senate. All members of both Houses who took their seats were included in the study, including members of the opposition. (It should be noted that it is common practice for Herri Batasuna, the party for Basque independence, to stand for elections but for elected representatives not to take their seats).

All these transformations, although momentous, were smaller in the government and in the administration than in Parliament itself. The bodies particular to the previous regime (the Council of the Regency, the Council of the Kingdom), and the structures of the single-party or National Movement, were abolished. But the more relevant facts lie elsewhere. The number of ministries continued to increase and, notably, there were numerous reorganizations and alterations within their departments. The government, as a collective body, now started to make the appointments. To a great extent, high civil officials continued to be appointed to political posts, following the tradition of Spanish administrative culture, and were further encouraged because most of them – although coming from Franco's regime – were, like their bosses, in favour of political change. On the other hand, military personnel were no longer appointed to these posts, because legislation approved in 1977 forbade them from participating in political life.

All those appointed by decree either to central government or administrative posts were included. We limited our empirical investigation to the central state; posts in the governmental structures of the Autonomous Communities or Regions, which were still being created during the period, were not included.

Sampling the economic field: in 1980, a one-year study was made of economic posts of power, as for the earlier period, by studying the members of boards of directors. There were few structural changes in the economy during this period and the public and private companies of the preceding regime continued to exist. The economic transformation consisted mainly of an increase in the number of large private companies. The development

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of the Spanish economy continued despite the international crisis of the time.

Posts held by the elite in the first Socialist decade (1982–92)

The great change of the third period was that for the first time since 1936, a left-wing party obtained most of the seats in Parliament. This event brought about a notable renewal of the political class, although it was a partial renewal because the parliamentarians of the opposition must be taken into account, and their number increasing gradually during the period. The influence of Parliament continued to be remarkable and, despite some reform projects, the constitutional system – which gave more political influence to Congress than to the Senate – remained in force. As for the previous period, the study including those parliamentarians who took their seats.

Structures in government and in the administration remained the same; we again, therfore, included all those appointed by a decree of government (decided collectively as in the former period). Here too there were numerous reorganizations and the size of the administration continued to increase despite the transfer of many powers to the Autonomous Communities. Political appointments of high civil officials were still frequent, but they were now from a different generation and had different political affiliations or preferences.

In addition to the growing centrality of the Prime Minister's Office – in part due to the premier's personality – the changes above all came from generational and social renewal, and the headline fact of Spain's admission to the European Community and to NATO. Membership of the European Economic Community stimulated intense economic growth in a context in which the public sector was far from being dominant. The big private companies, invigorated by foreign investment, collaborated with the government, and the importance of the Ministries of Economy, Finance and Industry increased. During this period the policy of restructuring the public sector was conceived, although it had to wait until after 1992 to be implemented. An active policy of public investment (including the construction of highways and a high-speed rail network) increased the dominance of companies in that sector. The role of the state monopolies begin to decline and these were either abolished or restructured after Spain's entry into the European Community. Both the new economic situation and the reduced value of the Spanish peseta meant that for the purposes of the study we redefined large companies as those with capital of at least 500 million pesetas. The study population were members of boards of directors for the years 1988–89.

RESULTS

The results obtained after construction of a database of people who occupied positions of power in the institutional fields described above resulted

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TABLE 1 *The people in the groups in power (1939–75)*

	One post				More than one post				The core[1]					Total
	Group A[2]	Group B[3]	Group C[4]	Total	Group A	Group B	Group C	Total	Group A/B	Group A/C	Group B/C	Group A/B/C	Total	
Non-bureaucrat	614	707	2915	4239	440	269	951	1660	215	122	93	67	497	6396
Civil bureaucrat	114	950	301	1365	115	678	163	956	215	24	187	91	517	2838
Military personnel	53	224	102	379	69	106	42	217	72	10	52	17	151	747
TOTAL	784	1881	3318	5983	624	1053	1156	2833	502	156	332	175	1165	9981

[1]The core = people who held 2 or 3 posts simultaneously
[2]Group A = Members of Parliament [3]Group B = government ministers and bureaucrats appointed by decree
[4]Group C = members of boards of directors (private firms or large public corporations)

in a study population of 24 446, consisting of roughly equal-sized groups, despite their different duration, for the three political phases. Thus, 9981 people held positions of power during the long Franco dictatorship (1939–75), 11 761 in the seven years of transition and first democratic governments (1975–82), and 9787 in the ten years of Socialist governments (1982–92) (see tables 1, 2 and 3). An initial conclusion can already be drawn therefore about the less open nature of the elite under the Franco regime than in the

TABLE 2 *The people in the groups in power (1975–82)*

	One post				More than one post				The core[1]					Total
	Group A[2]	Group B[3]	Group C[4]	Total	Group A	Group B	Group C	Total	Group A/B	Group A/C	Group B/C	Group A/B/C	Total	
Non-bureaucrat	561	705	6043	7309	189	243	1422	1854	79	120	99	32	330	9463
Civil bureaucrat	145	579	386	1110	51	349	230	630	100	47	126	54	327	2097
Military personnel	30	21	77	128	0	8	44	52	4	8	7	2	21	201
TOTAL	736	1305	6506	8547	240	600	1696	2536	183	175	232	88	678	11761

[1]The core = people who held 2 or 3 posts simultaneously
[2]Group A = Members of Parliament [3]Group B = government ministers and bureaucrats appointed by decree
[4]Group C = members of boards of directors (private firms or large public corporations)

TABLE 3 *The people in the groups in power (1982–91)*

	One post				More than one post				The core[1]					Total
	Group A[2]	Group B[3]	Group C[4]	Total	Group A	Group B	Group C	Total	Group A/B	Group A/C	Group B/C	Group A/B/C	Total	
Non-bureaucrat	532	601	5186	6319	352	189	1104	1645	42	18	102	7	169	8132
Civil bureaucrat	63	570	326	954	63	299	154	516	32	15	131	1	179	1665
TOTAL	595	1171	5512	7278	415	488	1258	2161	74	33	233	8	348	9787

[1]The core = people who held 2 or 3 posts simultaneously
[2]Group A = Members of Parliament [3]Group B = government ministers and bureaucrats appointed by decree
[4]Group C = members of boards of directors (private firms or large public corporations)

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democratic periods, especially during the years of the transition and the first years of the Constitution, in which the UCD, a coalition of diverse parties, governed. The elite was also less open in the subsequent political period, during which the Spanish Socialist Workers' Party (PSOE), a more unified party, was in power.

Since an early objective was to confirm the level of bureaucratic membership with in the top groups holding posts of power, data were collected on the membership of the top civil corps of Spanish administrators. Of the people studied, 18.2 per cent were civil bureaucrats, although there were considerable variations between institutions and between political periods. The participation of bureaucrats was highest under the Franco regime (35.9 per cent), declining in the transition-UCD period (19.2 per cent) and under the Socialist government (16.9 per cent). The overall percentages were greatly influenced by the much weaker presence of bureaucrats in large public and private enterprises (14.9 per cent under Franco, 6.7 per cent during transition, and 8.9 per cent during the Socialist period). In other spheres their presence was much greater, and was always over 50 per cent, both in the government and in the administration. Similarly, data were obtained on members of the armed forces, who were appointed by decree to posts of power during the Franco period, though military appointments to the defence ministries themselves were excluded. Just over 8 per cent of post-holders outside the defence ministries were military personnel.

The core and the periphery

It was immediately apparent from the data that a distinction could be drawn between people who might be said to form part of the elite only in the most marginal way (e.g. those who obtained a single post just once) and the rest. The former group we describe as being within 'the weak circle'. It comprised 5983 people during the Franco dictatorship, 8547 in the transition-UCD period and 7278 during the period of Socialist government. The others represent a much more powerful group of people. They either occupied several posts within the same sphere (parliament or executive or large business organization), or they obtained posts in two or three different elite groups within the same political period; we describe the first group as being in *'the strong circle'* and the second form what we consider to be *'the core'* of the elite. The total number of people in the strong circle and core during each period is much smaller than the number in the weak circle, being 3998 during the Franco regime, 3214 during the transition-UCD period and 2509 during the first ten years of Socialist government. This result confirms, in general terms, what might be considered the basic tenet of elite theory, which is that power in any given political period is in the hands of a small number of people.

Nevertheless, there is a substantial difference between the people in the strong circle, people who may be described as the 'regulars' of power, and those in the core. In the three periods studied, the former group comprises

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2833, 2533 and 2161 people respectively. The similar numbers suggest that we are dealing with a group of people who are necessary for the exercise of political and economic power, and whose number provides us with an approximate indication of the size of the real political and economic ruling class. The case of the core is very different. During the Franco regime it was formed by 1165 people, while there were 678 members of this group during the period of transition-UCD, and only 348 in the period of Socialist government (see tables 1, 2 and 3 above).

The existence of this core is of considerable theoretical significance since it provides a clear demonstration of *the integration of the elite*. Attention should therefore be given to this core, since that of each political period is different, and has its own specific characteristics. In addition, membership of the core implies an association of posts of power in Parliament, the executive and the large public corporations and private companies, an association which, even within the same political period, can be either simultaneous or successive in time. (The four possible associations or overlapping memberships in the core are: a member of the legislature appointed to a ministerial or administrative post by decree; a member of the legislature who is a board director; a post-holder appointed by decree who is also the director of a private company; and, finally, the holding of all three posts at once, an association which was more common during the Franco regime.) The most powerful government posts are not always a part of this triple membership. Thus, for example, only one of the five prime ministers in the period studied, Calvo Sotelo, who followed Adolfo Suárez in the post, combined all three positions.

Posts held by people in the core

A detailed analysis was carried out of the posts which most frequently formed part of the associations or overlapping memberships in the core. Associations which include parliamentary membership are always the least frequent, although in the democratic periods there is a greater degree of association with Congress than with the Senate.

It seems clear that the government and administration are the starting points for the creation of networks of power. In each of the three periods the degree of association of posts with the executive is always significant in respect of the formation of the core. When we consider the types of posts occupied, those of certain councils (Council of Crown Land, Council of State) are always very significant, as are the posts of certain directors of public-sector bodies. Even more noteworthy is the association with posts in government ministries. Although differences exist between the political periods in terms of which ministries contribute the greatest number of posts to the core, three ministries of Finance, Industry, and Employment, were of outstanding importance in all three periods studied. In the Socialist period they were the only important ministries in this regard. In the earlier periods, two other ministries of more political than economic interest – the

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Prime Minister's Office and the Ministry of the Interior – also contributed to a large number of the associations in the core.

There was some variation in the participation of other ministries between the three phases studied. Among the more political ministries, the presence of the following is noteworthy: the Ministry of Information and Tourism (but only during the Franco regime), and the Ministry of Justice and the Ministry of Territorial Administration (but only in the transition-UCD period). Among the economic ministries, the contributions of the Ministry of Agriculture and the Ministry of Housing were of considerable importance during the Franco regime, but not during the other periods. Ministerial organization had a significant influence in this finding. In Franco's time, the Ministry of Planning, which was later abolished, was of considerable importance. In the transition period, the Ministries of Economy and Trade (which were replaced by the Exchequer in the Socialist period), were important, as was the office of the Assistant Minister for European Relations, which later became part of the Spanish Foreign Office.

Within the large corporations of the public sector, posts in the official bank, the state monopolies (petrol, tobacco and telephone), and the former National Institute for Industry (INI) always made sizeable contributions. In the private sector, the banks, large public works companies, the chemical industry and the loans sector always played a major role, although this varied according to the political period in question. There was a notable degree of participation by people who were directors of more than one private company. This intensity of participation was even greater among those who were directors of many companies in different sectors. Principally, therefore,it can be said that those who wield power are not the board directors who specialize in a particular sector or branch, but the capitalists who have a wide variety of investments.

The people with maximum participation in terms of power were those who simultaneously occupied directors' posts in public and private companies, and who were also an important part of the core. This meant that they had posts in Parliament or the executive or both. There is no doubt that these groups of people are responsible for the lack of a clear distinction in Spain between the public and private sectors, and between the political and economic subsystems.

CONCLUSIONS

The circulation of elites

This study confirms that Pareto was correct in his assertion that the elite circulates. Of the 9981 people who made up the elite during the Franco dictatorship, 3737 (37.4 per cent) continued in power in the following political period. Of the 11 761 people who formed the elite during the period of transition and UCD government, 2821 (19.4 per cent), were still members of this group in the period of Socialist government. Two groups of people were identified as being of considerable interest here. First, 1146 people

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remained in the power-holding group throughout all three political periods studied. They represented 11.5 per cent of the elite groups in the period of Socialist government. A second group, of 148 people, disappeared from the elite at the beginning of the democratic period, reappeared during the Socialist period. Nevertheless, the fact that people from both these two groups, and those previously cited, retained their membership of the elite, does not mean that they always maintained the same positions. In fact, some passed from the core to the outer circles, or *vice versa*.

It is evident that the phenomenon of the maintenance and renewal of elites is more complex than is often thought, with the group of 148 people just mentioned providing a good example. The data raise a further question. Was the group of 1146 people that remained in positions of power throughout the whole period of the study a conspiratorial elite (Meisel 1975), which was able to maintain its own power as well as the structure of society? This question can be answered in the negative. For there to have been a conspiratorial elite, these people would have had to remain within the inner core. But the empirical data show that a considerable proportion of the 1146 members was always outside the core, in the weaker or stronger circles (869 members, including 684 who remained directors of the same company throughout the three periods, and 94 who were top civil servants who obtained a single post of declining importance in each successive political period). Moreover, another 316 circulated between the core and the outer circles or *vice versa*.

Only 21 people were permanent members of the core and, of those, all except five circulated within the core from one post to another. All were board directors who were appointed to one other post by decree, although they did not always hold the same appointment nor remain in the same company. Although this small group is in itself interesting for having succeeded in remaining at the pinnacle of power, the group as a whole is not of sufficient consistency to be able to ensure the continuity of its power and social relationships. Among these 21 people there was just one prime minister, Calvo Sotelo. Prime ministers Suárez (UCD) and González (PSOE) were not in the group. Calvo Sotelo and four ministers from the UCD period continued in the core during the PSOE period and are, therefore, among the 21 because they obtained a parliamentary seat as members of the opposition and also had economic interests in large companies. Among the PSOE ministers, only Fernández Ordóñez was among the core group of 21 people. He had been a UCD minister of finance, but later changed his political allegiance and was appointed minister of foreign affairs in the period of Socialist government.

One clear conclusion must be drawn. However much of an interesting phenomenon the elite and its circulation may be for sociology and political science, the results of this empirical research demonstrate that the elite does not pose a threat to democracy. Moreover, the foundations of power and the basis for the maintenance of the social structure cannot be sought within

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it. Explanations of these issues must be found by a different pathway, as discussed in the final section.

Laws governing the circulation of elites

The empirical study described here enabled some laws or rules governing the circulation of elites to be established. What is normally referred to as the circulation of the elite refers to the renewal or shake-up of the people in power at a specific time, as a consequence of some change that takes place, normally of a political nature. However, it can also be understood as a process of successive stages in which the people concerned either maintain or lose their positions within the groups holding power. The term 'circulation' is ambiguous.

On the basis of this empirical study, a more finely differentiated terminology can be proposed. It is necessary to distinguish between *renewal*, which requires the departure of a number of people from the groups holding power, and *maintenance* (or retention), which implies the continuity within the power groups of a certain number of people who were members of the elite prior to the shake-up. Another distinction that seems to be necessary is that between *maintenance* and *permanence*, the latter meaning that people who remain do so in the same position. *Circulation*, in its true sense, implies that people maintain their position in the groups holding power, by passing from one group to another, or from one post to another within the same group.

Renewal and maintenance are complex concepts in two senses. On the one hand, as has already been seen, at each change of political regime in Spain a group of people departed (renewal), while others maintained their posts and had to coexist with the newcomers, those people coming in to positions of power. However, those people coming in to the group in power sometimes entered it at the time change occurred, or even during the previous period. It is possible to go backwards and forwards, to depart from the power groups only to re-enter them at a subsequent stage. This process is complex in another way too. During the change from one period to another, it is possible to obtain a better post, or, using the terminology of our theory, pass from the outer circles to the core, though the most common scenario is that of a reduction in power. It has been demonstrated that even within a state of maintenance there is a characteristic *versatility*. Although permanence is numerically more important than circulation within the maintenance state, it is true to say that people also circulate actively from one sphere to another (e.g. member of the legislature, appointment by decree, company director), or even from holding two posts in different sectors to a further two posts, with the aim of remaining in power.

Our empirical research showed the existence of another interesting law, which is that the *general direction of circulation* is towards the large corporations and private companies. It is relatively common for people who owed their original presence in the groups holding power to being a member of

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a political class, to maintain their position among the elite by becoming a member of the board of directors of a substantial company. Finally, we can propose another general law, *the law of gradually declining maintenance*. During each period, a proportion of the people in power remained in power. The same can be said of each successive period, namely that some of these people continue to maintain their positions while others depart or are reinstated. Generally speaking, their power decreases at each stage, until people are either reinstated or disappear from power because of death, rather than by the phenomenon of renewal itself. However, this is not an absolute law. As has been said, it is possible for there to be backwards and forwards movement.

The network of associations among posts

As stated earlier, the issue of the continuity of power, and perhaps that of the social structure, must be explained by following a different pathway, and it is that which leads us to the final conclusion obtained from this study.

Although the people involved may circulate, the associations or interrelationships that exist between different posts of power within the core can still be maintained. This maintenance occurs, for example, when the same post in the Executive or Parliament is successively held by company directors from the same economic sector of a large public corporation or private company; the association between the posts remains the same even though the post-holders are different. This relationship was found to be a reality for each of the three political periods studied. Each political context produced a network of these associations and these were studied using the technique of network analysis. In each period there were associations which involved an appointment by decree plus parliamentary membership plus business connection, and a parliamentary membership plus business connection. The business connection concerned public corporations, private companies or both. These networks are a type of social fabric woven from an active interconnection between the political and economic spheres. They symbolize to a high degree the circulation of intellectual energy, given that this interconnection provokes a constant transmission of information.

Consequences of the discovery of networks

The following consequences can be proposed from the demonstration of the existence of networks. First, the associations are the smallest units of the social structure, and may in some ways be compared with the smallest units of matter, atoms. Thus it is proposed that the research interest move away from the elite to the networks of associations. Possibly the reason that some previous research studies did not make progress is that they analysed the networks of relationships between people and not of the associations between posts. It is these associations which provide the explanation for the centrality of what we call the elite. Centrality is not due to chance, that

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is, whether a person happens to occupy two posts in difference spheres, but is due to the posts themselves being associated (Moore 1979).

Secondly, each political context creates its own network of associations. Our empirical results proved one of our initial hypotheses wrong. According to the hypothesis formed when the existence of the core was first demonstrated, a considerable number of the associations should have remained the same during all political periods. The reality is, however, more complex – as was demonstrated clearly in our study. In the three periods studied, there were different proportions of the various types of networks, even if all of them had certain factors in common. Of the 256 associations during the Franco dictatorship which involved a political or administrative appointment by decree, 159 combined a parliamentary seat and a public or private directorship with the appointment; 52 a parliamentary seat only; and 45 a public or private directorship only (in addition to other associations linking parliamentary seats and companies). Of the 268 associations during the transition-UCD period which involved a political or administrative appointment by decree, 117 associated a parliamentary seat plus a public or private directorship with the appointment; 49 a parliamentary seat only; and 102 a public or private directorship only (in addition to other associations linking parliamentary seats and companies). Of the 169 associations during the Socialist period which involved a political or administrative appointment by decree, 31 associated a parliamentary seat plus a public or private directorship with the appointment; 23 a parliamentary seat only; and 95 a public or private directorship only (in addition to other associations linking parliamentary seats and companies). Both the political system and the political context are decisive because they give rise to networks whose composition and density are different. However, a network always existed in each period studied, implying that there were always associations between the different institutions.

Thirdly, the networks of associations in some periods are neither distinct nor completely different from those of other periods. On the contrary, each period studied retained part of the network of associations from the preceding period and a significant part of the network was retained during all three political periods. The data showed that 243 associations of the Franco regime continued during the transition-UCD period, but that only 49 associations specific to the transition-UCD period were maintained during the Socialist period. There were 86 associations of posts spanning all three periods (Baena del Alcázar 1999, p. 676 *et seq.*).

This maintenance (or retention) of associations of posts is a different phenomenon from that of maintenance of people within the power groups; what we have here are associations between posts which repeat themselves, even if these associated posts are occupied by different people. These networks of associations within different periods are linked together in a way that could be compared to the chain of elements in organic chemistry. Progress in research which uses this fact as its starting point could also lead

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to progress in our knowledge of the foundations of society and of the continuity of power.

In summary, in present day society, not to mention societies of the past, there exists a plurality of people, described as the elite, who exercise power and come from different social groups. Despite their plurality their number is small, and their power contradicts the social myths both about the political equality of people and government by the masses in democracies. Nevertheless, the elite poses no type of threat to democracy and its existence is perfectly compatible with the renewal of society's leaders through elections and, furthermore – following some particular laws or rules as we have shown for Spain – its members circulate. Nevertheless, although the study of the elite may be useful in discovering the configuration of the ruling minority at any given time, it does not assist us in the quest for knowledge about the foundations of power and society. For that purpose, the line of study should move towards the analysis of the associations which exist between spheres of power, especially between political power and economic power, as these subsystems are joined by the associations of posts and people. However, political systems and political situations create their own particular networks, which is why it is of interest to examine the specific configuration of each connection and, above all, of the system which links them, since it is their connection which permits the continuity of societies and may provide a guide to the foundations of the social structure.

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THE INFLUENCE OF INSTITUTIONS AND CULTURE ON HEALTH POLICIES: DIFFERENT APPROACHES TO INTEGRATED CARE IN ENGLAND AND THE NETHERLANDS

SUSANNE KÜMPERS, ARNO VAN RAAK, BRIAN HARDY AND INGRID MUR

The concept of integrated care has assumed growing importance on the policy agendas both in England and The Netherlands and elsewhere. It is characterized as health and health care-related social care needed by patients with multi-faceted needs. This article compares policy approaches to integrated care in England and The Netherlands. Differing political strategies and conditions for integrated care correspond to the dissimilarities in the institutional structure and culture of their health care systems. Health care systems are understood as specific national and historical configurations. We review the last decade's relevant policy processes, using the concepts of hierarchy, market and network. The state health care system in England relies mainly on hierarchical steering, thus creating tight network structures for integrated care on the local level. The Netherlands, with its health care system in a public-private mix, has set incentives for voluntary, loosely coupled and partly market-driven cooperation on the local level. Implications for success or failure are mixed in both configurations. Policy recommendations have to be tailored to each systems' characteristics.

INTRODUCTION

Developments both in demography and medical technology deliver an increasing number of people with multiple care demands in the EC countries – the elderly, people with handicaps and/or chronic illnesses. They are in need of medical treatment, nursing and social care in changing combinations, and in a coherent, integrated way. Under the heading 'integrated care', health policy in several countries tries to promote organizational solutions to respond to the complexity of these needs. The concept describes the organizing processes needed to develop and deliver coherent, coordinated and continuous sets of services, delivered by cooperating actors, covering the full spectrum of health and (health-care related) social care (Raak *et al.* forthcoming). Policymakers and care providers perceive integrated care to be a response to patients' needs, and to the urgent demands

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for more cost effective health care as well; thus, integrated care is based simultaneously on a humanitarian and an economic rationale.

Health care systems are often ill-prepared for the integration of care. Services tend to be fragmented and inflexible, with difficulty or absence of coordination between them, causing waste and under-supply on the systems' side, and under-supply and neglect for the service users, leading to premature hospitalization and the early loss of independence (House of Commons: Health Committee 1998; Johansson and Borell 1999). Consequently, the development of integrated care is seen as a challenge for the steering efforts of governments in several European countries. The Netherlands and the UK in particular, however, have focused on the integration of care in their national political programmes for several years (Hardy *et al.* 1999).

Ongoing debates however indicate that, in spite of a strong political emphasis, government steering of integrated care takes place in difficult and fragile circumstances and with uncertain results (Hudson *et al.* 1997; O'Hagan 1999; Raak 1998). It appears to be difficult for governments to change the national health care system in a way that makes it favourable to integrated care development and delivery. It can be useful, therefore, for policy makers to search outside their own countries for useful steering concepts to apply in their own setting. A reading of neo-institutional theories, however, indicates that the adoption of policies from elsewhere cannot succeed. It is argued that policy concepts, originating either inside or outside the system, are adjusted and readjusted during the policy process. The characteristics of a national system, including its institutions and culture, are taken as a historically evolved 'configuration' (Lehmbruch 1996) within which the adaptation of concepts takes place. The configuration thus limits or fosters options for steering, and results in different modes of governance. In this view, steering by national governments, even if pursued under a similar rhetoric and responding to common challenges, takes shape differently and leads to different results (Giaimo and Manow 1999). In short, steering is embedded in and shaped by the national configuration, and so are its outcomes.

Neo-institutional theory and particularly the concept of 'configurations' are suitable to clarify why phenomena such as steering appear to be context-specific, and thus different. This is the theoretical perspective we have used to analyse government steering, directed to the promotion of integrated care, in our two cases: England and The Netherlands. We hope to show how national configurations shape the steering processes, their successes and failures. We start by outlining neo-institutional theory and the concepts relevant for our analysis. Next we describe our research methodology. We then present and discuss the two cases. Differences and similarities between the two countries are highlighted. In the final section we discuss the implications of our findings for policy development on both the national and supranatural level.

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Theory

Over the last 15 years, neo-institutionalist approaches in the political sciences have built a framework to explore cross-national differences in policy development and implementation. The institutional structure and culture of the national and sectoral political systems are seen as interacting with each other and shaping the processes of policy development and implementation, their strategic options and limits (Nørgaard 1996). Lehmbruch (1996) describes these constellations as national configurations. The concept of configuration frames the features of national and sectoral public policies as historically developed paths, emerging from a 'sequential interaction of the organisation of state and society' (p. 75). They are based on processes of social learning in institutional contexts and collective interpretation processes. Boase (1996) among others speaks about the 'path dependency' of policy-making. These approaches do not contradict the notion of a 'cross-national transfer of health policy ideas' (Marmor and Maynard 1994). They claim, however, that such ideas take their specific shape within the respective configuration.

To define the role of actors, that is, individuals and collectivities in the configuration such as organizations and the national government, several policy analysts combine views from sociological, historical and rational-actor institutionalism (Aspinwall and Schneider 2000; Scharpf 2000; Thelen 1999). Following them, actors are neither determined by institutions, nor independent of them, but 'intentional and reflective, yet deeply historically embedded at the same time' (Nørgaard 1996, p. 32). In this view, government steering – modes of governance including the strategies, contents and effects of health policies – is embedded in and part of the national configuration. Government steering is considered processual and interactive. Steering efforts trigger responses from actors within the configuration, whose responses act as 'policy feedback' and have an impact on further policy formulation (Kooiman and Associates 1997; Pierson 1993).

In this paper we use the concepts of hierarchy, market and network – meant as ideal types of coordinating mechanisms in society – to characterize government steering. Hierarchy works by systematic administration and is connected with super-ordination and sub-ordination. The market mechanism is characterized by automatic coordination of independent and interacting actors pursuing individual goals. Networks are described in terms of interactions between autonomous but interdependent actors within more or less informal, long-term relationships that are built on negotiation and trust (Thompson *et al.* 1991). Strengths and limitations of hierarchies, markets and networks, and the steering potential they provide to governments for certain fields, have been discussed from various perspectives (Scharpf 1993; Williamson 1985; Willke 1998). Hierarchy and market are seen as being typical of modern societies, while networks are often described as emerging from the characteristics of 'post-modern' societies (O'Toole 1997; Willke 1998). Sometimes they are seen as intermediate between hierarchies

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and markets (Williamson 1985), but elsewhere as a new form with particular qualities (Mildenberger 1997; Willke 1998). They are often associated with 'governance' as opposed to 'government' (Kickert *et al.* 1997; Kooiman and Associates 1997). The network form is seen as especially appropriate for those complex problems that can only be solved by a holistic approach, avoiding the pitfall of superficiality, that is, where re-integration is desirable, without losing the advantages of specialization and differentiation (Willke 1987; Willke 1998). These are named 'cross-cutting issues' (Martin 2000), or 'wicked problems' (O'Toole 1997), and are further characterized by the notion that they cannot be handled adequately by the simple application of hierarchical or market mechanisms (Atkinson and Coleman 1992).

The concepts of hierarchy, market and network enable us to focus on particular structural and cultural characteristics of configurations, something which is necessary to understand success and failure of steering for integrated care in England and The Netherlands. With respect to 'structure' we describe the relations between governments and other actors, including their positions within the relations. 'Culture' in this paper reflects values and expectations of actors about each other's actions and interactions, in particular about modes of governance. Culture here also refers to the appreciation of modes of governance by actors and their willingness to comply. The combination and interaction of these cultural and structural characteristics result in different modes, possibilities and limitations of government steering.

We outline integrated care as a set of flexible organizational processes responding to complex and diverse needs, which change over time. It needs contributions from various organizations in several sectors: health care, social work, housing, and so on, on a local level. It therefore requires cooperation, information exchange, agreements on task distribution, and within this frame, at least partly autonomous, responsible actions by different actors. The actual features of integrated care are shaped in the configuration. Nevertheless, our outline indicates that integrated care is a 'cross-cutting issue'. We therefore expect that successful governance regarding integrated care will create favourable conditions for network development, which in turn fit into the respective national configuration.

Methodology

A cross-national comparison helps to examine the policy options embedded in a national configuration. The cases of England and The Netherlands provide examples of different political systems, different political cultures, and different health care systems: Beveridge and Bismarckian. Due to the holistic character of configurations we analyse the institutional structure and culture, and the modes of governance in health policy intertwined with the concrete policy measures directed to integrated care. For each country a brief description of the institutional structure of the health care system is given. Then substantial developments in the last decade with respect to

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integrated care are analysed – focusing on the interaction of policy measures and institutional behaviour – in order to understand the outcomes. Attitudes of actors will be shown to shed light on the cultural context.

Our findings rely on extensive literature study (policy analyses), and document analysis (national policy programmes and policy evaluations), and semi-structured in-depth interviews (NL: n=5, E: n=8; May 2000). The latter serve to triangulate the findings of the literature and document study. Furthermore, quotations from the interviews illustrate the cultural context of described policy processes. In cooperation with experts in both countries we selected a cross-organizational sample of interviewees, which spans a range of stakeholders on different levels who are in a position to exert policy feedback, that is, who not only react to and implement, but lend shape to governmental policies. For example, in England, this included a Social Service Director, a Social Service Planning Officer and a Health Authorities' Director of Performance; in The Netherlands it included a manager in the National Insurers' Association (ZN) and a Director of a Regional Assessment Organization. We used an iterative and triangulating method, starting by studying literature and secondary data, then collecting and analysing primary data (interviews), and then returning to the literature.

There are also limitations. In this article we examine policies for integrated care in England and The Netherlands and their relative outcomes. We do not try to achieve a judgement of whether integrated care on the whole is 'better' in one country compared to the other. Nor do we show processes of health care practice in detail. We show the configurational characteristics of steering, the differences and the similarities, in order to be able to give country-specific and general recommendations for policy-development. The comparison between two cases, however, tends to emphasize the differences between them rather than to highlight their similarities. We therefore do not claim to take into account the full range of factors influencing policy processes and outcomes for integrated care. Moreover, a comparison on national levels relies on generalizing sources and therefore neglects local variations. Developments after mid-2000 were not included in the analysis.

ENGLAND

England has a tax-funded, centrally organized, state health care system. The National Health Service was legally embodied in 1946 and established in 1948. The ministry, currently the Department of Health (DoH), is responsible for the essentially top-down managed National Health Service. The line of control goes via the NHS Executive, its 8 Regional Offices (ROs) to local Health Authorities (HAs). Similarly, finances flow from the top to the local bodies. NHS services are free at the point of delivery; co-payments are marginal. British governments are held strongly accountable for equal access, quality and efficiency of the health care system.

Local Authorities (LAs), of which Social Service Departments (SSDs) are

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a part, are steered in part by the elected local government. Compared to the NHS, there is more space for local decision-making, with limited scope for local tax raising. Nevertheless, LAs have to work within national legislation, and are subject to ring-fenced budgets; additionally there is increasing central steering through the national Social Service Inspectorate, within the DoH. SSDs are responsible for the provision of so-called social care, which is given in residential homes, nursing care homes, day care, and home care. SSDs are themselves care providers, but additionally they increasingly commission services from private and voluntary sector providers. Social care has to be charged for and is means-tested.

The demarcation line between health care and social care builds a strong obstacle against integrated care (House of Commons: Health Committee 1998) in the English configuration. Since the implementation of the NHS, the organizations of the NHS and of the local authorities have worked in separate, but overlapping domains, especially in continuing care for vulnerable groups.

In the last decade two major shifts in opposite directions occurred in English health policy, both of them emphasizing integrated care as one of their main goals. First, the Conservatives (1990: NHS and Community Care Act) turned to the introduction of market principles into public services' policies, simultaneously announcing inter-agency cooperation. In fact, they created competitive obstacles against network-building for integrated care. Consequently, integrated care did not progress on the whole. Since these policies were also felt to be incompatible with the inherent cultural values of British public services, decisive impediments arose against their extensive implementation.

Secondly, New Labour's approaches to health and social policy again emphasized the search for cooperation and integration of services (Department of Health 1997). Since Labour hereby effectively returned to cultural values within the NHS and other public services, they could rely on high commitment. New cooperative structures on a local level were hierarchically imposed to facilitate and enforce cooperation. On the other hand, strong political pressure on the services to show quick and visible changes could partly jeopardize the conditions for thorough network-building for integrated care. These developments are described and analysed below in more detail.

1990–1997: NHS and community care reform

At the beginning of the 1990s the dominant coordinating mechanism with regard to the NHS – hierarchy – was complemented by the newly introduced quasi-markets on regional and local level, set out in the Conservative Government's reforms (1990: NHS and Community Care Act; 1991: start of the 'internal market' and GP-fundholding; 1993: full implementation of the community care reforms). The strategies of 'New Public Management' should bring the rigours of the private sector into the NHS and Local Auth-

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orities (for a discussion of neoliberalist policies in the health sector see Allsop 1995; Harrison and Wood 1999; Light 2000). A purchaser/provider split was created, expecting that competition would increase health care efficiency and user-orientation. Simultaneously, programmatic emphasis was laid on inter-agency collaboration especially for community care – meaning care outside the hospital – between health and social services (Department of Health 1989).

The introduction of competitive and market elements was alien to both the NHS and the Local Authorities. These new structures developed differently while being implemented. Their impact on integrated care within the NHS and between the NHS and social services is now examined. First, within the NHS there were ambiguous tendencies. Structural and cultural characteristics built constraints against the unfolding of market mechanisms. Local monopolies determined many situations between purchasers and providers. The NHS culture is built on a tradition of altruistic commitment to common goals and a common pride in being the 'NHS family' (Allsop 1995, p. 189), supported by corresponding expectations from the public. So several actors in the NHS, expected to act as competitive purchasers and providers, continued their former non-competitive relationships (Allsop 1995; Klein 1998; Light 2000). Contradictory processes occurred: 'the competition-based fragmentation which undermined existing networks created pressures to form new networks which, in turn, undermined the competitive rationale of marketisation' (Rhodes 2000, p. 353). In line with Rhodes and others (Allsop 1995), our interviewees confirmed damaging consequences of the reforms, namely competitive fragmentation, for internal cooperation.

The Conservative government, as the founder and main advocate of the quasi-market, soon reacted to the resistance in the field. Market forces were constrained to prevent, for example, the closing of expensive hospitals (Giaimo and Manow 1999; Klein 1998). By numerous directives, central control was exerted to prevent market failure and mismanagement, and to foster long-term contracting (Klein 1998). The term 'purchase' was replaced in the mid-90s by the more vague and less market-like term 'commission' (Klein 1998; Light 1998). Thus, policy feedback, rooted in the inherent culture of the NHS, partly mitigated the introduction of a competitive culture. Light, a sharp critic of market advocates in health care, remarked ironically, that 'the contracting parties were saving the champions of competition from the consequences of their own policies' (Light 2000, p. 406).

Second, problems increased between health and social services. The government advocated cooperation for community care, and simultaneously strengthened competitive public/private markets (Department of Health 1989). Community care until then had had a history of difficulties rather than of successful collaboration (Allsop 1995; Hardy *et al.* 1992). The 1990 reforms are often described as having worsened this situation (Allsop 1995; House of Commons: Health Committee 1998). Again we can identify

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institutional structure and cultural characteristics interacting: two separated agencies were differently managed, with bureaucratic processes and procedures not adapted to each other (Hardy *et al.* 1999). Local Authorities were given the overall responsibility for community care, but, according to some, remained underfunded (Allsop 1995). 'Caring for People' (Department of Health 1989) set definitions about the boundaries between health and social services, which could not be maintained in reality. In fact, there was 'a huge grey area in between them' and 'no cut-off point between domiciliary care and nursing care' (House of Commons: Health Committee 1998, p. 12). The attribution of needed services to health care or social care exerted an impact on the respective budgets, as did decisions over whether it was appropriate to charge the user. This created incentives to pass responsibilities onto each other, and cost-shunting especially became an issue: for instance, around hospital discharge (Allsop 1995; House of Commons: Health Committee 1998).

> During the previous government's administration there were a lot of tensions between health and social services. Health was needing to get people out of hospital quickly, but that was placing demands on social services. We thought they were cost-shunting. We thought they were passing the buck and we didn't like that, so we got into fights .... (SSD, Standard and Service Development Manager)

To be committed to a common culture, to follow a 'mission', is one of the strengths of unified bureaucracies (Willke 1998). NHS and SSDs worked in overlapping domains, but committed to their own, partly competing value systems. The NHS has been professionally dominated by doctors and nurses, the SSDs by social workers. The NHS 'family' was managed as a whole from top to bottom, while local authorities were proud of their local mandate. Thus different professional and organizational ethics and diverging priorities added to the structural problems and increased the difficulties at a local level.

> The old beliefs ... are that nurses can't be managed by social workers. That social workers can't be managed by nurses or by doctors, or by health visitors – or anybody *from our side of the fence.* (Mental Health Services, Clinical Team Leader, emphasis added)

Distance, lack of cooperation, and distrust have come to prominence between health and social services (House of Commons: Health Committee 1998): the boundary between them has been called the 'Berlin Wall' (p. 10); the actors are described as exhibiting 'tribal' behaviour (p. 12), and a 'blame culture' (p. 38). Positive exceptions of constructive cooperations, based on local commitment and functioning relationships, are also reported; but in general disappointing outputs from integrative frameworks and activities are stated (Hudson *et al.* 1997; O'Hagan 1999). Thus, on the basis of the historically difficult relations between health and social services, the com-

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petitive incentives introduced by the 1990 Act seem to have had damaging effects. They created new barriers against successful network development, despite governmental claims for cooperation.

1997 – the modernization agenda: the 'New NHS' and modernizing social services

The new Labour government in 1997 created the next 'big change' for the health and social care system, with the promise to build on the achievements of the 1990s reform – for example, the primacy of primary care – while countering the main criticisms of this reform (damaging competition, fragmentation, bureaucracy and inequity) via the so-called 'Third Way'. Partnership, as a new statutory duty, should replace damaging competition. Again, health and social services should deliver 'integrated care'. The emphasis on financial efficiency would be complemented by the emphasis on quality (Department of Health 1997).

Primary Care Groups (PCGs) were introduced to replace the GP fundholding model: they were to encompass all GPs and community nurses in localities of approximately 100 000 inhabitants. Developing into Primary Care Trusts (PCTs) they were to take over commissioning responsibility from Health Authorities for most of the services for their patients. PCGs were given the task of shaping and realizing a community-oriented and integrated development of services. The cooperation of PCGs with Social Services was to be facilitated by a local authority representative on the Board of the PCGs. HAs would fulfil a more strategic leadership role.

The work of PCG/PCTs is embedded in local Health Improvement Programmes (HImPs), developed under the responsibility of HAs, together with all PCG/PCTs, NHS Trusts and LAs in a local community. Following 'Partnership in Action' (Department of Health 1998), the Health Act 1999 added further instruments to enable the parties to overcome the traditional structural and financial boundaries between health and social care: pooled budgets, lead commissioning, and integrated provision. Joint Investment Plans (JIPs) are intended to use these tools to shape concrete action plans for certain user groups (e.g. dementia patients) by all actors in an area.

In general, we can describe the measures of New Labour for integrated care as a use of hierarchy to create prescribed network structures on local level, with a statutory duty on the respective actors to work in partnership. For these networks limited scope for local decision-making is left open, to determine priorities and to divide tasks among each other.

Referring to a public service ethos and the genuine values of NHS and LAs, New Labour could achieve the approval of many NHS and SSD professionals and the public for the goal of integrated care (Klein 1998). In addition, coerced cooperation is widely perceived as inevitable. Further research will have to indicate whether the commitment will overcome local distrust and fragmentation.

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> So there is a big issue about integrated care.... The market philosophy means all about badging organizations, you were good if you achieve for your organization. What we want now is people forgetting whom they belong to and actually badging the service so that they are proud to be part of the whole system delivering services to older people.... It is a subtle change, but it is a very big attitudinal change. (HA, Director of Performance)

On the whole, our interviews showed broad commitment and widespread network-building activities with regard to integrated care, based on Labour's policy directives. Despite these positive impressions, some counterproductive tendencies were also evident. Health policy in England is a highly politicized issue. The Blair government has committed itself to quick and visible changes, raising high expectations in the public and bringing strong pressure upon the services. Our interviews repeatedly gave evidence of growing tensions:

> You can't make it in five minutes, I know that, and they know that. But they are pushing it and pushing it.... I like some of their initiatives; I like the idea behind it. But it could fail, because we can't keep up ... because of too high expectations too soon. Because it takes a lot longer to change than we all want it to. (SSD, Planning Officer)

The government perhaps risks the conditions for network-building and the commitment to integrated care, since it needs and demands evident results at once, and seems to be preoccupied with control mechanisms. Thus, long-term goals for integrated care could be counteracted by contradictory implementation strategies (cf. Martin 2000).

On the whole, New Labour's policy efforts to promote integrated care can be judged as successful. They were able to gain general commitment beyond the borders between health and social services; their structural innovations created new opportunities for cooperation on local level.

THE NETHERLANDS

The Dutch health care system is a complex mix of public and private organizations with relatively weak governmental hierarchical power. On the provision side there are mainly non-governmental, non-profit foundations and a few private providers. The financing system is organized through a statutorily detailed, clearly explained insurance system.

From a merely background role up to the 1970s, the shaping role of the government, represented by the Ministry of Health, Welfare and Sports (VWS), has emerged in order to address problems of cost explosion connected with medical-technological development and the ageing of the population. Dutch governments are held responsible for equal access, quality and efficiency of the health care system. Their scope to get through comprehensive and controversial reforms, however, seems limited. Dutch govern-

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ments are always coalitions among two or more parties and have to negotiate consensus with the independent actors. Comprehensive change programmes were set up more than once since World War II, but were not implemented due to the opposition of important interest groups. Changes were brought forward, but in incremental and consensual steps (Elsinga 1997; Mur-Veeman *et al.* 1999; Raak and Mur-Veeman 1996). Discussions about far-reaching reforms are still going on (for example, about a unified basic insurance system); but some policy analysts describe these recurring debates as rituals, as 'pseudo-politics' (Grinten 1997), considering the incremental nature of change, built on societal consensus, as inherent to the Dutch political culture.

In The Netherlands, the insurance system is divided into two compartments for long-term and short-term care; or, more simply, for care and cure. Different laws regulate the compartments. Long-term care, including care for the elderly, people with handicaps and mental health problems, is considered to be uninsurable in a privately organized insurance system. The Exceptional Medical Expenses Act (AWBZ) was therefore set up as a compulsory public insurance scheme in 1967. Since 1942 the short-term insurance, covering primary care provided in GP practices, acute care and specialized care, has been built up as a compulsory social insurance system for employees up to a certain salary limit (Social Health Insurance Act, ZFW). For other groups there are different voluntary schemes, with a statutory price limit for basic packages of care. The coverage of The Netherlands' population is virtually 100 per cent. This institutional structure with separated financial flows has created two areas of providers, with separate organizations and regulations. This is seen as important barrier against integrated care.

In the case of The Netherlands the distinctions between periods of policies are less clear than in the case of England, reflecting the incremental character of Dutch policy processes. At the end of the 1980s and the beginning of the 1990s, the government tried to implement a comprehensive change to unify and simplify the ossified and fragmented health care system, using a blueprint with a hierarchical top-down approach. This attempt gradually lost support since it failed to involve the strong independent actors in the Dutch health care field, that is, insurers and providers, and neglected thereby the culture of negotiation and consensus. The evolving débâcle of this policy gave way to a transition period: the comprehensive system change was still under discussion, but simultaneously a step-by-step, negotiated policy style was revived. From 1994, the incremental strategy of stepwise deregulation and of incentives for cooperation was openly adopted. It was more successful in promoting an innovative climate favourable to numerous integrative networks among health services, and to a wave of mergers with ambiguous effects for integrated care. Below, we discuss these processes in more detail.

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Change processes in the 1990s

In 1987 the 'Dekker Commission' proposed a far-reaching reform plan. It pleaded – corresponding with policy ideas elsewhere – for increased market incentives for the sake of improved efficiency. Simultaneously, a blueprint was launched to introduce a unified basic insurance for all inhabitants of The Netherlands, in order to simplify the financial and administrative system and thereby to promote integrated care. During the implementation of the first steps in 1989 and 1992, the reform as a whole met with increasing opposition. The government, instead of entering into new negotiations and thereby complying with the consensus culture, ignored this; the then health minister Simons (Christian Democratic and Socialist coalition 1989–94) lost the support from his government and the public. The reform came to a standstill. This policy failure was ascribed to the disregard of the political culture (Elsinga 1997; Raak and Mur-Veeman 1996). The separation between the AWBZ- and the ZFW-area was perpetuated. Nevertheless, some reform ideas diffused further, and were realized in incremental steps.

In 1992, some of the proposed measures of deregulation were implemented, with stronger effects in the cure than in the care sector: the insured could switch between their insurers, and regional borders for insurers in the cure sector were abolished. The right of approved providers of being contracted was gradually challenged, for small provider groups in the cure compartment. Fixed tariffs for services (negotiated nationally between insurers, providers and the National Health Tariffs Authority, COTG) were replaced by maximum tariffs to allow flexibility in contract negotiations between insurers and providers. The COTG, however, was authorized to fit the tariffs to a general maximum budget. This put a governmental constraint on market developments.

Thus traditional regulations, which had kept the conditions stable but inflexible and ossified, were gradually loosened. In general, more regulating power was given to insurers, thereby challenging the position of providers, who were perceived as too powerful. Insurers and providers, expecting increasing competition, reacted with mergers and alliances to stabilize their positions. In fact the relationships also developed in mutual agreements: the respective dominant insurer negotiated contracts with providers regionally, which were then taken over by the other insurers. Providers negotiated contracts mostly via associations of provider groups (Grünwald and Kwartel 1996). This practice enhanced transparency and trust, and diminished uncertainty on both sides. It can be understood as a pattern that is culturally typical for the Dutch society: to seek group-based solutions (Grinten 1996; Grinten 1997) without losing sight of one's own interests. The smooth adoption of market mechanisms in the health care system can be related to long-lasting Dutch cultural attitudes towards business values: they are not seen as adversarial to public interests. State and business are perceived as supporting each other; cooperative networks are common features of Dutch markets (Waarden 1992).

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From 1994, the new health minister Borst (Social-liberal coalition 1994–98, re-elected in 1998) put an end to blueprint policy strategies in health care, and chose an incremental approach (Grinten 1997). Additionally, the new government announced measures to achieve more patient-oriented and integrated care, by enabling regulated regional decision-making of important actors. Financial incentives were provided to stimulate cooperation between providers. Patients' rights were strengthened in several laws between 1994 and 1996. Direct payments were introduced for AWBZ-services. Independent Regional Assessment Organizations (RIOs) were implemented to assess the care needs of the AWBZ users, and to facilitate integrated service planning and delivery. Thus, together with a change to an incremental policy strategy, governmental power was used to implement indirect regulations.

Approaches to integrated care

At the beginning of the 1990s, the delay or failure of the basic insurance project was foreseeable, and other ways had to be developed to reintegrate the fragmented services. Since then financial incentives have been developed to stimulate care innovation ('zorgvernieuwing') and tailored care ('zorg op maat'). A multiplicity of cooperations emerged. The role of providers changed from an administrative function to an entrepreneurial role (Grünwald and Kwartel 1996). Corresponding to the non-profit status of most providers and the societal implications of the field, the emerging ideal was that of a social entrepreneur ('maatschappelijk ondernemer') (Boekholdt 1999). Continuing budget constraints, and the insurers' strengthened position connected with – if only suspected – far-reaching future contract flexibility, has prompted providers to broaden the scope and flexibility of their services in cooperation with others (Boekholdt 1998; Grünwald and Kwartel 1996), for example, in order to enable early hospital discharge by calling other services in. Also, changing user interests and their strengthened position have acted as an incentive for the development of integrated care. Approaches to integration have taken two different, complementary forms: time-limited cooperation projects and mergers.

From the beginning of the 1990s, a multitude of innovative projects on regional and local level have been developed, many of them focusing on integrated care. They have shaped networks between the actors and smoothed the splits within the system, among providers within and across the cure and care sectors, with participation of insurers and/or other regional or local steering bodies. The projects together created a patchwork of innovation and cooperation permeating the inflexible structures, without abolishing them. They have therefore created a proliferating bureaucracy:

> For everybody a separated budget, yes, on the one hand this is innovative and brings about flexibility, but on the other hand it is more complicated.... You have numerous budgets, but you try, so to speak, to build the connections with these budgets. (Dutch Insurers' Association (ZN))

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On the other hand, they maintain and promote long-term innovation and integration concepts, and support an innovative culture, creating a 'laboratory situation where everybody is engaged in projects' (National Patients/Clients Federation). The cooperation has been voluntary, without legal pressure. Incentives and disincentives change over time. Therefore cooperation initiatives are built up, but often also given up again, because, for example, subsidies come to an end or other conditions change. A fundamental problem of this Dutch 'innovation landscape' therefore – as well as its bureaucracy – is its fragility and questionable sustainability (Wieffering and Dukkers van Emden 1996); and of course, the fragmentary realization of those efforts.

A wave of mergers has taken place among providers in both compartments. During the 1990s the government favoured this, partly by financial incentives (Vries and Breedveld 2000), in order to promote cost-efficiency and integration of services. The wave of mergers among Dutch care providers is continuing on a large scale; however, gains in care integration, efficiency and patient orientation are increasingly being questioned (Ipenburg 2000; Vries and Breedveld 2000). The ongoing increase in scale is seen to serve market interests rather than patients' interests, whose position is endangered by the emerging regional monopolies and national oligopolies.

> The merger should be able to promote integration. If an organization provides home care and residential care as well it is more readily prepared to deliver them as cost efficiently and appropriately as possible. ... But you get huge power units, which, moreover, engage in coalitions with hospitals. And clients have no choice any more, ... they have to put up with it. (RIO, Director)

A governmental strategy to regulate the concentration process does not exist, although announced in 1994 (Elsinga and Kemenade 1997); and the Dutch antitrust authority, NMa, hasn't yet intervened (Groot *et al.* 2000).

Expectations towards the roles of the actors in the health policy field show an underlying tug-of-war for power and ownership between government and independent actors to play their part in running and shaping the system. On the one hand, there is a societal consensus that government has to play a background role (Ministerie van Volksgezondheid, Welzijn en Sport 2000). Powerful and less powerful actors agree that

> the polder model is very much cherished in this society.... It is important that the parties engage in the discussion... If you get things settled well altogether, then the authorities will step aside. Then the government isn't a player anymore. (National Patients/Clients Federation)

On the other hand, public authorities, likewise their advisors, take the perspective, that providers have too much power, and must be more strictly held to account for their contributions to integrated care (Hemmen 1999;

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Huijsman 1999). The government's attempt to enhance its regulative power, however, causes protest. Providers themselves claim the credit for ongoing innovations:

> For the last ten years ... integrated care has been developing on a large scale. In my view the development relies upon the efforts of providers. In this country care innovation is done by the efforts of providers. But they receive, I think, very little recognition from the authorities for their achievements. The authorities are very much obsessed with control. (Care trust Director)

The government has to balance this tension, inherent in the Dutch configuration, by skillful negotiation and regulation, in order to involve the capacities of the independent actors in pursuing public interests – as integrated care – and to bring their vested interests under control. Integrated care develops via management decisions of providers and insurers 'from below', influenced by their twofold commitment, and guided by governmental incentives and regulations.

In general, the incremental method of policymaking turned out to be more successful in promoting integrated care. By measures of deregulation and incentives for cooperation, the government could stimulate and utilize the social entrepreneurship of the actors in the field. The created conditions promoted an innovative culture among care organizations; it has become a competitive advantage to participate in joint provision of integrated and flexible services in the regional or local care networks.

COMPARISON

Health policy developments in Britain and The Netherlands both reflect international trends in public policy. In both countries market mechanisms were introduced for parts of the health and social care systems in the last decade, and had an impact on the development of integrated care; we also identified governmental regulation limiting but not abolishing market mechanisms, combined with the support for partly self-governing network processes on local level. We see those influences effective in both configurations, but in different country-specific ways.

There is a striking difference with respect to the role of government: the stronger role of British government, compared to the weaker role of Dutch government. In England we see a strong executive able to push forward major reorganizations twice within the last decade; this corresponds with Rhodes' statement of few constitutional constraints on executive leadership in Britain: 'Once the government decided on a change, it could force it through' (Rhodes 2000, p. 350). According to Scharpf, Britain has the 'most hierarchical and majoritarian policy processes of any Western European countries' (Scharpf 1996, p. 60).

The Dutch mode of governance is characterized by a mix of market and network structures, with the government having to compensate for its lim-

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ited scope to exert hierarchical power by indirect regulations. Dutch governments' successes rely on skilful negotiation strategies to achieve majorities for stepwise developments to promote integrated care, and on steering by financial incentives as well.

These differences cannot be explained by considering them as two different strategic options of health policy: governmental roles and political styles are intertwined with the configuration. Compared to The Netherlands the British government still might be regarded as nearer to a single-actor system ('Westminster model') (Scharpf 2000). The Netherlands are characterized as a multiple-actor system. Additionally, in Britain, health and social services are still mainly public organizations, though with independent providers of social care playing an increasing role. In The Netherlands, the health care system is traditionally shaped by well-organized independent actors, bound, however, to legal regulation systems guaranteeing collective interests. In both countries the institutional structure corresponds with societal expectations about the responsibilities of actors in shaping the health care systems.

In England, the services have to, but are also willing to, respond to governmental 'top-down' instructions to a greater extent, notwithstanding that local actors have got some scope of decision. The government's role is to set a frame of action, and to promote realization on the local level. This is widely accepted, provided it is felt to be in line with the long-standing values of British public services. In The Netherlands, the independent actors see the shaping and creating of the care sector as their responsibility. They show commitment to the values of affordable access, equity and efficiency of health care, and also to the aim of integrated care. This commitment, however, is partly challenged by their vested interests. The government has to build a regulating frame, which safeguards public interests.

To sum up, in England, hierarchy, setting a defined frame for local network-building, has a greater potential within the mix of steering mechanisms. In The Netherlands, self-governing networks play a stronger role, though influenced by market incentives and governmental regulations.

DISCUSSION AND RECOMMENDATIONS

The cases of England and The Netherlands show different approaches to steering. In both countries policy failures occurred when configurational characteristics were neglected. Policy processes failed to gain acceptance in the countries, and to achieve better outcomes for integrated care. Progress occurred when policies made use of the configurations' potentials. This refers to the path dependency of successful political options. In both countries a change in political strategies took place, (re)considering the national political configuration, and leading to a more successful approach towards integrated care. These changes can be seen as emerging from political learning processes, and as the effects of policy feedback. The ways of change, however, again differed corresponding to the configurational character-

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istics: in England we saw clear-cut shifts from one policy to the other, orchestrated in the public. In The Netherlands, policy changes were under public discussion for years and implemented step by step.

Both configurations show characteristic potentials and weaknesses, which have to be considered for policy development. Scharpf attributes a higher capability for political change in general to single-actor constellations since they might more easily pass over unresolved conflicts inherent to political plans. In those systems, 'hierarchical direction is an institutionally available mode of interaction' (Scharpf 2000, p. 776). The stronger change potential as such, however, is not necessarily considered superior to multiple-actor constellations (Scharpf 1993). In fact, radical changes may cause destructive ruptures and damage 'social capital' (Kickert and Koppenjan 1997; Ostrom *et al.* 1994). Moreover, in addition, health policy developments in England were vulnerable to opposing public and stakeholder reactions – but later in the policy process, during implementation. Therefore, the English government's hierarchical power has to be used with care and wisdom, resisting the temptation of 'too much too soon'. Appropriate strategies have to support the achievement of political goals. Contents and methods of implementation and control must be adjusted to the characteristics of the configuration, and to the requirements of the issue in question, which in this case is long-term network-building for integrated care.

Multiple-actor systems are said to have the potential for incremental changes, which can be fine-tuned to complex situations. Thus, the incremental nature of Dutch health policy is occasionally considered advantageous, because thorough debates can minimize the risks of radical or premature policy plans (Grinten 1997), blocking their realization. On the other hand, the capacity to achieve necessary changes is sometimes lacking (Raak and Mur-Veeman 1996; Scharpf 2000). In addition, given the relative autonomy of independent actors, the implementation of changes might remain fragmented, as it is the case with Dutch integrated care. The government has to keep ahead of the other actors to maintain its regulating functions – which are perhaps increasingly challenged by rising market forces in the field. The outstanding regulation of the market concentration is an example which illustrates this.

Referring to the requirements of complex issues like integrated care, we expected successful policies to have in common that they facilitate and support network-building on regional or local level, that is, that they set favourable conditions for cooperative and flexible decision-making among partly autonomous actors. The cases show that conditions for local networks have been created in both countries. Again, these differ considerably, with respect to the degree of autonomy of the actors, and with respect to the extent to which hierarchical or market-like mechanisms exert steering impacts on these networks too. It is in line with the logic of these concepts that a more extended use of hierarchy goes together with a lower autonomy

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of local actors, whereas a greater influence of market mechanisms corresponds with a higher degree of actors' autonomy.

The comparison of these two cases thus indicates that policy approaches and policy successes are not transferable in a narrow sense. It is not possible to deduce from the failures and successes in England or The Netherlands, that one strategy or the other is the very best. We can conclude, however, that complex issues like integrated care need governmental efforts to create conditions for network-building to progress; but the way to generate these conditions, and, a step further, these conditions themselves, have to take their specific configurative shape in every country. It seems that it depends strongly on the structural and cultural characteristics of the national configuration whether or not a specific mix of coordinating mechanisms works successfully in a country – as neo-institutional theory suggests, and as our cases confirm. Therefore, policy makers have to consider these characteristics and determine to what extent an example from abroad will fit. 'If it fits, go ahead. If it doesn't fit, try to determine if you can make it fit, e.g. by adjusting it a little. If you can't make it fit, don't waste your time, don't bother to incorporate the mechanism'.

It seems to us, therefore, that the art of policy is to tune and play the national instruments, in order to compose a national melody – for which it is certainly very helpful to know and understand many pieces of music from other countries.

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PUBLIC MANAGEMENT

PRIVATIZATION, CHINESE-STYLE: ECONOMIC REFORM AND THE STATE-OWNED ENTERPRISES

JONATHAN MORRIS, JOHN HASSARD AND JACKIE SHEEHAN

This article reviews 'corporatization' and 'marketization', shorthands for privatization, in the Chinese economy. In particular it concentrates upon the most recent round of state-owned enterprise reforms, the Modern Enterprise System and Group Company System, aimed at transforming China's largest state-owned enterprises into internationally competitive corporations. This represents a partial privatization, given that the state will retain majority ownership, while acquiring domestic and foreign capital via sharelistings and foreign and domestic joint ventures.

Drawing upon interview material from a five-year study of state-owned enterprises, the authors will indicate that such part privatization has been pragmatic and relatively slow. It has been constrained and circumscribed by broader economic and social reform programmes and accompanied by political decentralization and reforms. Ultimately, the reform and pace of reform is shaped by the desire to avoid political and social unrest which could, potentially, threaten the harmony of the Chinese central state apparatus.

INTRODUCTION

Privatization has been a focus for academic and policy-making attention for the past two decades in western economies. Such privatization has taken various forms, three of which are prominent. First, the sell-off of state assets such as nationalized manufacturing and service industries and public utilities. Second, through the privatization and quasi-privatization of state welfare provision in health, social welfare and education. Third, through the introduction of quasi-markets in social welfare provision. Deemed radical,

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in the 1970s and 1980s at least, some of these privatizations have reached a watershed. Moreover, arguably, a far more radical type and scale of privatization has occurred in transitional, former command, economies. Prominent amongst these have been the cases of Russia, the countries of the former CIS and Eastern Europe, as well as China.

While all of these countries have adopted more market-led economic policies, including privatization, the form of change, as this paper will later indicate, has differed markedly between, on the one hand, Russia, the former CIS and Eastern European economies and, on the other, China. The former group have, in general terms, opted for a 'big bang', quick fix, transformation to the market, allied to democratic political reforms. China, meanwhile, has opted for a gradualist part-privatization policy, slowly opening its economy to the global economy while resisting democratic political reform.

As such, Chinese reforms have 'internalized the logic' of East European privatization strategies (Steinfeld 1998) in that state-owned enterprise reforms have concerned themselves with questions of ownership and property rights. While policy makers have been keen to stress that economic reform of state-owned enterprises is not a programme of privatization (Goo and Chi 1997), there is markedly less reluctance to use the taboo term among state-owned enterprise (SOE) managers and academic analysts in China and, as the paper will later indicate, some aspects of the wide-ranging reforms currently taking place within state-owned enterprises bring the programme closer to at least partial privatization than the central government is perhaps willing to admit.

The reform process in China, however, is unusual if not unique, and is worthy of further investigation. To this end, the paper is divided into sections. The section that follows provides a brief overview of the economic reform process in China, focusing in particular on the 'open door' policy which has led to the evolution of a particularistic make-up in terms of organizational and ownership forms. The following sections will concentrate more specifically upon state-owned enterprises, their role in the economy, attempts to reform them and the specific policy measures introduced. The main, substantive, section will follow, using interview data from a five-year study of a selected sample of SOEs in China. The paper will evaluate the form and impact of these reforms upon the sample SOEs. This section will lead on to discussion and conclusions.

ECONOMIC REFORMS IN CHINA

The reform process in China can be dated to 1978 with the introduction by Deng Xiaoping of an 'open door' policy aimed at encouraging trade and technology transfer. This was to be accomplished by the so-called 'four modernizations' of agriculture, industry, science and technology, and defence. A new 'socialist market economy' was to replace the previous 'command-economy' (Nolan 1995). Such a policy has led to dramatic econ-

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omic growth in China; in the period 1980 to 1997 the annual average growth rate of China's gross domestic product was 10 per cent (International Labour Office 2000), with growth rates approaching 20 per cent in the 1990s (UNCTAD 1999).

Perhaps as interesting as the consequences of the reform process has been the nature of the process. China has largely eschewed the 'big-bang' privatization policies which were favoured in Russia, in other parts of the CIS and in parts of Eastern Europe (Buck *et al.* 1998, 2000; Clarke and Soulsby 1999; Filatotchev *et al.* 2000; McMillan and Naughton 1992; Nolan 1995). Rather, it has opted for a much more pragmatic, longer-term evolutionary process based on experimentation and the mixed economy.

The reforms, started in 1978, were largely initiated as localized experiments which, if successful, would spread (Peng 2000). An example would be the acceptance of the presence of foreign-owned enterprises. Initially these were confined, geographically, to export processing zones and the amount of foreign investment was limited to 35 per cent. Later, such investments spread across urban coastal China and the foreign stake was, over time, extended to majority ownership, subject to government approval. As a result, there were nearly 260 000 foreign-funded enterprises approved between 1979 and 1994 (Warner 1998) and by 1998 this figure has increased to 315 000 with $550 billion pledged in investment (Ding *et al.* 2000). Despite the Asian 'economic crisis' of the 1990s, China remains the largest foreign direct investment recipient and the largest developing country in the world (UNCTAD 1999), with the US and, to a lesser extent, European multinationals taking up the slack due to a decline in East Asian investment.

The reform process has also resulted in considerable decentralization. This has manifest itself at two levels. First, power has been shifted from the level of central government to a more regional/urban locus, albeit strictly controlled within traditional (communist) party confines. Second, there has been considerable decentralization of decision making, both strategic and operational, from central government to the management of the state-owned enterprises. Again, however, the all-powerful 'dead hand' of party control looms in the background, something we shall further indicate below. While these market-based reforms are tantamount to decentralization, and thus a potential threat to the current political economic institutions in China, the Chinese state has been able to maintain control and avoid democratic reforms, despite sporadic unrest often associated with corruption, bankruptcies and redundancies in state-owned enterprises (Sheehan 2000; Sheehan *et al.* 2000).

The second major feature of the reform process has been privatization, although it should be said here that the term is studiously avoided in Chinese policy-making circles where the more neutral 'corporatization' or 'marketization' is preferred. Such privatization has occurred in two main areas. First, there has been privatization at the macro-economic level via the encouragement of private enterprises, particularly foreign direct invest-

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ment. Second, the remaining state-owned enterprises have been subject to a reform process which has opened them up, to a degree, to market forces. This has resulted, in many cases, in bankruptcies and wholesale redundancies – particularly in small and medium-sized SOEs (Sheehan *et al.* 2000). Those SOEs which have survived this decimation – mainly the larger ones – have been subject to considerable internal reforms with a view to their taking on more western-style, or at least capitalist-style, organizational forms and enabling them to be more market-responsive. The internal reforms will be returned to in more detail in the next section.

The overall result of the reform process in China has been to transform the Chinese economy. This can be measured along a number of dimensions. First, in terms of ownership, and in particular, the public–private split. As table 1 indicates, there has been a dramatic shift over the last 20 years, and in particular in the past decade, from an economy almost totally dominated by state-owned enterprises to a more mixed economy of ownership with large foreign-owned enterprise (FOE) and collectively owned enterprise (COE) sectors. Several *caveats* to this should, however, be added. First, that SOE industrial output has actually increased and thus their decline has been a relative one. Second, that the SOEs, COEs and FOEs do not operate in a discrete 'black-box' fashion. COEs and FOEs, and particularly the former, remain dependent to a certain degree on the SOE sector for work in many cases, via subcontracting, and many of the FOEs are in the form of joint venture partnerships with SOEs. Third, approximately one-half of the workforce remains employed in SOEs, although four out of ten firms make losses (Warner 2001). Despite these *caveats*, it is undeniable that there has been a dramatic increase in both FOE and COE activity in the past decades.

Collectively owned enterprises, meanwhile, are an interesting public–private hybrid form under local state corporatism (Oi 1999; Chen 2000; Child 2000). Also referred to as Township and Village Enterprises (TVEs), essentially they are rural non-state enterprises owned and operated collec-

TABLE 1 *Employment in Chinese state-owned enterprises, township and village enterprises and foreign-owned enterprises*

	State-owned enterprises (10 000s)	Township and village enterprises (10 000s)	Foreign-owned enterprises (10 000s)[1]
1965	3 738	–	–
1970	4 792	–	–
1980	8 019	3 000	–
1990	10 346	9 265	66
1995	11 261	12 862	540
1996	11 224	13 508	540
1997	11 044	13 050	581
1998	9 058	12 537	587
1999	8 572	12 704	612

[1]Includes Hong Kong, Macau and Taiwan
Source. China Statistical Yearbook 2000.

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tively under local (township or village) governments. As Chow and Fu (2000) note, while they have not received the attention of academics that the SOEs or FOEs have, they have enjoyed spectacular growth rates. Output increased 89-fold between 1978 and 1994, an average annual growth rate of 32.3 per cent. Moreover, TVEs accounted for 68.1 per cent of the 113 million increase in the Chinese labour force between 1978 and 1990 (Chow and Fu 2000). By 1994 the TVEs employed 120-million people and were a particularly important labour-absorbing mechanism in rural areas.

POLICY RESPONSES TO THE SOE 'PROBLEM'

Chinese state-owned enterprises are far from homogenous. They range from highly unprofitable organizations producing out-of-date products with obsolete technology to extremely competitive organizations producing high technology goods and services (Warner 2001). Indeed, even within single-industry sectors there are wide variations in corporate performance, quality of products and technologies (Sheehan *et al.* 2000). However, at a general level, the state-owned sector had too many companies, too many loss-making companies and too many employees. Given that the Chinese government had chosen not to adopt a Russian-style 'survival of the fittest' test to its SOEs, reform of this sector became apparent from the 1980s and became increasingly important in the 1990s (Hussain and Chen 1999). Two policy measures were introduced between the early 1980s and the mid-1990s in order to reform Chinese SOEs: first, the Contract Responsibility System (CRS) and second, the Modern Enterprise System/Group Company System (MES/GCS).

The CRS comprised a two-level approach, enterprise-level contracting with the state and internal contracting within the individual enterprise's businesses. Under the former, an enterprise could either contract to turn over a fixed percentage of its profits each year to the state, or to turn over a set amount of profits per annum which could be increased at a fixed rate. The latter, the internal contract, operated between businesses or business units within individual enterprises. Each 'unit' received set targets for operational requirements, material consumption, facility maintenance and conformance to regulation. In essence, the CRS was an attempt to move enterprises from a strict planning regime to a more entrepreneurial role, with the reward of retained profits both for the enterprise and at the intra-enterprise level. However, while the CRS had notable successes in terms of company performance (Steinfeld 1998), it became apparent that there were a number of problems with the system and that these were sufficiently serious to see it discarded as a policy measure (Hassard *et al.* 1999). The first shortcoming was that the system was not uniformly implemented and as such contracts differed from enterprise to enterprise, as did taxation rates. The second, and perhaps more serious one, was that the system implicitly promoted short termism in that enterprises over-concentrated on profits at the expense of investment. Third, and most important, were the

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limits to enterprise responsibility and the failure to resolve the problem of property rights. In particular, while enterprises were advantaged by profit retention, the state was responsible for losses, a major problem given that 40 per cent plus of SOEs are loss-making. More specifically, the issue of property rights, and the separation of management from ownership, remained unresolved. Fourth, there were again problems associated with continued 'cradle-to-the-grave' social welfare provision in the SOEs (the so-called 'iron-rice bowl') which proved a huge burden on SOEs and was, to an extent, a contributory factor in loss-making. Finally, there was little evidence that the quality of management in the enterprises had improved dramatically.

Given these deep-seated problems with the CRS as a specific reform policy, the government has turned to alternative policy models, namely two interlinked programmes, the Group Company System and the Modern Enterprises System. Launched, respectively, in 1992 and 1994, they were developed to replace the CRS and are intended to run until 2010. These programmes are being piloted in 100 large and medium-sized SOEs in the case of the MES and 56 in the GCS, although many other SOEs have elected to copy the reforms.

The MES has a number of key elements: clarifying property rights; more clearly defining rights and responsibilities; separating government and management functions and developing 'scientific' enterprise management. In practical terms, the programme aims to adopt new enterprise management, technical transformation and a reorganization of assets and property rights. The GCS, meanwhile, is more concerned with structure than with management *per se* (unlike the MES) and the adoption of western corporate systems such as boards of directors, shareholders, greater managerial autonomy and limited liability. Thus they are setting about developing a parent holding company and a large group of subsidiaries, with a high degree of management autonomy. These in turn will be allied to western features of business administration such as management accounting and human resource management.

The urgency of the MES/GCS introduction was heightened by a decision at the Fifteenth CCP Congress in 1997 that the state should divest itself of the majority of small and medium-sized SOEs either by selling them off, merging them with larger and/or more profitable SOEs, or by allowing them to go bankrupt. It is, perhaps, to early to judge whether or not the MES/GCS experiment has been a success, given that it is only at the halfway stage. However, a 'mid-term' report is possible, based on a longitudinal survey of large Chinese SOEs. This is the focus of the next section.

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THE STUDY

Methodology

The research reported on here was an interview-based, longitudinal study, using a mini case study approach, of a selection of large and medium-sized Chinese state-owned enterprises (Table 2). Between 1995 and 2000, ten enterprises were involved, ranging from the relatively small (1400 employees) to the extremely large (220 000-plus employees). A total of 19 visits were made to the ten companies and these were of one to two days duration. A total of 44 interviews with enterprise directors and senior managers were carried out. The study locations were spread throughout China both in cities and in the provinces (Beijing, Shanghai, Guangzhou, Chongquing and Suzhou in the case of cities; Hebei, Hubei, Jiangsu, Guangxi and Yunnan in the case of provinces). This represented a conscious selection to reflect regional differences in the reform process. In order to study change as a process, we initially adopted a longitudinal methodology, with repeat visits. Unfortunately this was only possible in six of the ten enterprises. One of the authors is a fluent Chinese speaker and the team was accompanied by a bilingual Chinese-English speaking academic.

The study had several potential limitations. First, there was an issue of representativeness; only ten enterprises were visited. However, the broad reform process that applied to our chosen SOEs was common to all SOEs. Moreover, our SOEs included some of the largest in China, while at the same time including small and medium-sized enterprises together with a broad geographical representation. The second potential limitation was the accuracy of interview material. This is, of course, a problem not limited to China. We overcame this by adopting a triangulation method, through interviews with Chinese academics, government officials, industry specialists, and so on. In addition, we collaborated closely, over a ten-year period,

TABLE 2 *State-owned enterprises in survey*

Company	Location	Employees	Products
YCo	Beijing	48 000	Petrochemicals
SCo	Beijing	220 000	Iron, steel, steel products, electronics
BCo	Shanghai	30 000	Iron and steel, steel products, metallurgical equipment
TCo	Tangshan	55 000	Iron and steel, steel products, bicycles
CCo	Chongqing	66 000	Iron and steel, steel products
WCo	Wuhan	220 000	Iron and steel, steel products, mining
KCo	Kunming	40 000	Steel
GCo	Guangzhou	13 000	Steel, steel products
SUCo	Suzhou	2 300	Conveyors
GUCo	Guilin	1 400	Industrial diamonds

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with two Chinese academics, one of whom accompanied us on all our interviews.

Restructuring

The MES/GCS represent a transformation in terms of structure in that, traditionally, SOEs in China were extremely vertically integrated and centrally controlled. One sample company (WCo) had, since the early 1990s, engaged in a process of decentralization with a degree of vertical disintegration, largely for reasons of specialization, efficiency, product diversification, and clarification of company functions. This took the form of organizational fragmentation by separating off component parts of core production from those which are engaged in non-core, and indeed in some cases unrelated, lines of business. This is within the context of a move towards the parent holding company model with a number of subsidiary companies with varying degrees of managerial and financial autonomy. The core businesses are expected to maintain a close relationship with the parent company while the sub-companies, particularly social service companies, will enjoy a higher degree of autonomy. The formation of these subsidiaries is intended to spread risk and responsibility across the group, to widen access to capital (particularly foreign capital) and to enable the group to transfer surplus workers from the core business areas (White and Liu 2001).

More fundamentally, the relationship between parent and the sub-companies will be governed by market principles. The sub-companies will eventually be formed into shareholding or limited liability companies responsible for their own profits and losses, and which will attract outside investment from shareholders, banks or foreign investors via joint ventures. Indeed, capital formation is one of the primary reasons for the setting-up of the sub-companies.

The sub-companies will be transformed either into shareholding companies, with a stock market listing and 'open' shareholding, or limited liability companies, with shares limited to institutional investors such as state-owned banks or financial institutions, other SOEs or trade unions. The legal designation of these sub-companies is in part a reflection of their financial attractiveness. The more profitable, or potentially profitable, sub-companies are likely to be shareholding companies and there are a number of these in our study, including those in foreign joint venture partnerships. In order to avoid accusations of privatization, certain SOEs are introducing stock market listings 'bit-by-bit' (WCo). The limited liability sub-companies, meanwhile, are likely to be the less profitable ones. Indeed, in a number of sub-companies in our study, notably CCo, shares were offered in lieu of financial debt settling to banks, suppliers or customers. This process is known as 'triangular debt' and is conducted in financial conditions where creditors have little realistic prospect of recovering their debt without some form of debt write-off (see also Xiao and Dahya 2000).

Core activities are likely to remain funded and controlled exclusively by the parent company, and the parent company is likely to maintain a con-

trolling majority stake in sub-companies. Nevertheless, there was an example of a parent company stake of under 50 per cent in one of our case study companies, with an individual shareholding of up to 20 per cent; however, decentralized financial autonomy was gradually being phased-in to the sub-companies included in our sample. Profit and loss, for example, was the responsibility of sub-companies, often with a sliding subsidy from the parent company, with the parent responsible only for finance already invested in the sub-company. However, while in principle the sub-companies are responsible for organizational appointments (outside the top few posts) and for setting appropriate staffing levels, managers in certain SOEs (for example, TCo and CCo) concluded that in reality there was still parent company interference over both issues. This mirrored the differences between the rhetoric and reality of managerial autonomy in the parent company SOEs. While the SOEs in theory had free autonomy over managerial appointments, many of the sample enterprises complained of continued government interference – whether central or local – over appointments. Moreover, while the introduction of boards of directors was seen to herald the separation of ownership and control, these boards were often staffed by former senior managers or, in certain cases, existing senior managers or party cadrés.

Sub-companies were also, in theory, able to recruit from open labour markets, but were often under considerable pressure to recruit from internal labour markets in order to redeploy redundant workers from the parent group (GCo, SCo and TCo). Open-market competition was also meant to guide production and procurement, but the sub-companies generally bought and sold within group. Similarly, the parent companies also hold close control over investment decisions, in one case (BCo) an investment ceiling of £2.25 million. Given the controlling share that parent companies hold in sub-companies, this was perhaps unsurprising.

At a managerial level, government interference continues at a number of levels. One of our enterprises (WCo), for example, was forced into the GCS pilot against the wishes of its management. A number of others had been pressured into taking over smaller local SOEs which were heavily loss making and would probably have gone bankrupt, thus hampering the profitability of the larger SOE and militating against the positive impact of the MES/GCS programme. Managers at WCo complained about the pressure put on them by their two 'mothers-in-law' (central and local government). Indeed, the enterprise was caught in a conflict between local government, which wanted it to take over small loss-making companies, and central government which did not want such take-overs as they would compromise the success of their own reforms.

SOEs and the surplus labour problem

One of the main major tensions of the SOE reform programme is the necessity of achieving large scale de-staffing in order to achieve competitiveness, without adding to national, regional or local unemployment levels. This is

set, of course, within the central government's desire to maintain central party hegemony, and therefore to avoid the political and social instability associated with high levels of unemployment within a situation of relatively poor social welfare provision (see below).

Despite these tensions, in May 1997, the State Commission for Economic Restructuring (SCER) predicted that by 2000 the state sector would lose 15–20 million surplus workers out of the 54 million total surplus workers in SOEs (approximately 50 per cent of the total SOE workforce). This poses an immense challenge both for the SOEs and the Chinese government since those workers will be added to large numbers of workers migrating from rural areas to urban centres and searching for work (Gu 1999; Roberts 1999; Solinger 1999).

Our case study enterprises were slightly atypical in that they are, in the main, very large SOEs which often dominated the economies of their immediate locality and thus were strategically too important to close down (and a number are profitable enough not to be in this position in any case). Nevertheless, all the enterprises planned to reduce the workforce of their core operations by between 15 and 50 per cent, during the period 1996–2000 (for example, TCo and CCo). In at least one case (WCo), this deadline had been extended to 2003. The enterprises estimated that cuts of these magnitudes were necessary in order to reduce costs, improve productivity and therefore to make them internationally competitive. This has become crucial since (managers at one enterprise (WG) informed us) in the 1990s, low-cost competition emerged as a result of the economic crisis in East Asia, and similar crises in Russia and the countries of the former CIS.

It should be emphasized that these figures represent a reduction of the workforce in core production areas rather than a reduction of the total workforce. SOEs try strenuously to promote sub-companies and diversify these into new product areas in order to redeploy surplus workers. Some of our SOEs (for example, TCo) have also been replacing contract workers (a type of work increasing in China – Warner 2000) with permanent employees from elsewhere in the group, in order to avoid making core workers redundant. Indeed, none of our enterprises had laid-off permanent workers.

Nevertheless, in our case study enterprises, despite decreasing number of contract workers and their subsequent replacement with permanent employees, this will not be sufficient to achieve the levels of job reductions envisaged. Rather, the parent groups are either looking to redeploy workers into the expanding sub-companies, or, alternatively, will find workers alternative employment or self-employment outside the group The majority of our sample companies were diversifying into related upstream or downstream activities (such as automotive component production) and relatively unrelated activities such as retailing, hotels, catering, travel companies, social service provision or construction. In our sample enterprises, in terms of labour absorption, these measures have been relatively successful. In

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one, for example, employment in the sub-companies exceeded that in core producing areas by 40 per cent.

In order to prepare workers for new posts, whether they are in a group or not, workers have been offered re-training in labour 'pools'. Workers remain in the pool for up to two years after which their employment may be terminated if no alternative job is found; alternatively, they can retain their employment status but are paid only a minimum amount to cover their living expenses. These workers are not classed as unemployed, something which represents an effort by SOEs such as WCo, TCo and CCo (see table 2, above), to avoid redundancies at almost any cost. The attraction for the employee of this form of 'retirement within the company' is that they remain beneficiaries of the social provision run by enterprises, including housing, health-care and schooling. There are large numbers of workers in this underemployed category and this means that government unemployment figures under-represent the reality. Moreover, despite ostensible management autonomy over labour issues, enterprise managers in the sample again complained of interference. This took several forms. Large SOEs (such as WCo) have been pressured into employing workers they do not require or want, often those made redundant from other SOEs. Alternatively, successful SOEs have been forced into taking over loss-making SOEs to safeguard jobs. It should be noted, however, that these pressures come primarily from local, rather than central, government. Indeed, managers noted that there were tensions between local government-owned SOEs and central government SOEs (BCo, WCo) with certain managers (for example, at WCo) arguing that local government favoured its own SOEs over them.

Our case study enterprises, in general, have been extremely cautious about job losses. While the estimated success of the reform programme is contingent on workforce reductions, the maintenance of political and social stability is an overriding priority of central government. Such caution is thus understandable, as there is the prospect of major labour unrest and, indeed, such unrest has already occurred, particularly in smaller SOEs which do not have the resources for labour deployment, but also in larger SOEs, where workers were formerly part of an elite vanguard (Morris *et al.* 2001; Sheehan 1998).

SOEs and social welfare

Traditionally, social welfare provision has been the responsibility of state-owned enterprises, although the reality is that this 'iron rice bowl' provision was only available to a minority of permanently-employed, unionized, state-sector workers at the biggest and most prosperous urban enterprises, located at the level of the *danwei* (work unit). SOEs were thus responsible for the provision of cradle-to-the-grave provision, including housing, schooling, health care, low-cost shops and pensions (Solinger 1997, 1998). This explains, in part, the huge employment levels found in some of our case study enterprises, in that a significant minority of workers are no

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longer productive, but are retired, while others are employed in services. With such provision, alternative sources of social welfare from central or local government were minimal and SOE workers were, traditionally, regarded as blue and white collar elites, not only for the higher wages they received, but for the significant non-wage benefits (Weller and Li 2000).

Under the reform process, and particularly targets for loss making and profitability, such social welfare provisions have become an enormous burden for SOEs (TCo, WCo). Such provisions rendered SOEs uncompetitive not only at the international level, but put them in a disadvantageous position vis-à-vis foreign-owned enterprises and township and village enterprises in China since these did not in general have such provision, other than where for reasons of economic necessity (such as the provision of dormitories for migrant workers).

Within this context, the SOEs have began to disengage from welfare provision. As in the case of labour reduction, this has been a tentative step-by-step programme, given the lack of alternative local provision and a desire to avoid unrest. Indeed, managers at one SOE (YCo) regarded this issue as the most difficult aspect of the reform process. While embryonic local state provision and private provision is emerging, its scale remains small and state 'safety nets' are weak (Guan 2000; Selden and You 1997; White 1998; Xing 2000).

The majority of our case study enterprises – for example, WCo, TCo and CCo – were engaged in holding preliminary discussions with their local governments about divesting themselves of their welfare responsibilities. In particular, managers at the SOEs (for example, CCo), were keen for local government to take over responsibility for the unemployed, albeit slowly (SCo). At present, many managers are relatively pessimistic about the prospects of freeing themselves from this historical burden because of the inability of society to cope with such a transfer at a time of economic change and burgeoning urban populations. There is also resistance from enterprise staff concerned at the possible quality of alternative local authority services (GCo and WCo). This is understandable given that the quality of such services in SOEs has been relatively high – if expensive for the enterprises. Indeed, historically, SOE management has viewed high-quality social-service provision as a 'badge of management' success and a means to attract and retain workers with scarce skills in the command economy (Sheehan 2000). Moreover, while divesting themselves of social service burdens, enterprises will lose assets in which they have a considerable investment if provision is passed to local government (Hannon 1998).

Notwithstanding the above, there have been moves, in our case study enterprises, to divest themselves of social services. This has been most extreme in the case of housing, which in certain enterprises has been transferred to local authorities. In others, such as GuCo, it has been sold-off to workers at discounted market rates. The rate of discount depends upon length of service and tenure. This is very similar to the sell-off of local

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authority housing in the UK and has proved popular with workers, particularly in the more affluent Chinese cities such as Beijing, Shanghai and Guangzhou. Other divestments have been more mixed. In the case of pensions, for example, the majority of our SOE sample required workers to make contributions to pension funds. However, the amounts will not cover the pensions of older workers, let alone existing pensioners. Similarly, in health care in particular, and to a certain extent in schooling, SOE workers are increasingly expected to make a direct financial contribution. Moreover, these schools and hospitals are being opened to non-SOE employees in order to increase revenue. In 1996, for example, at the time of our visit to WCo, the enterprise had initiated a plan to transfer welfare and housing provision to local government, a process largely complete by our second visit in 1998. As another example, SCo had transferred responsibility for schools to the local authority over the time of our two visits (1997 and 1999). Moreover, managers at most of the SOEs (notably TCo and WCo), indicated that there was resignation to the idea of the end of the 'iron rice bowl', even if the pace of reform was slow. For example, there had been little change at KCo between our visits in 1998 and 1999.

CONCLUSIONS

The Chinese economy has undergone dramatic transformation during the past two decades, with 'backdoor privatization' through opening up the economy and the encouragement of foreign direct investment and non-state owned enterprises in the form of township- and village-owned enterprises. The latter represents a considerable decentralization of state control from the central to the local arena. Control, however, remains firmly in the hands of the Chinese communist party. State-owned enterprises have also been subject to such decentralization, being far more answerable to local government than to central government ministries.

Specific reform measures have been introduced to increase the performance of SOEs. There are, however, wide variations in enterprise performance. In our study, the enterprises varied from those that were technically bankrupt, with extremely outdated products and processes, to enterprises with state-of-the-art technology producing internationally competitive products. This is true of SOEs more generally; 6 of the world's top 50 transnational corporations from developing countries in 1997 were Chinese state-owned enterprises (UNCTAD 1999).

SOEs have undergone significant reforms, and have moved to more 'corporatized' and 'marketized' forms, including partial privatization both in production areas and in service provision. The reform process has been hampered by a number of factors, in particular the political imperatives of the Chinese government, despite purported moves to managerial autonomy in the running of SOEs and evidence to back such moves. The 'surplus labour' problem is perhaps the most serious; that is, the need to balance the necessity to reduce core workforces without dramatically increasing

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unemployment and thus causing potential political and social instability. The SOEs in our sample have been unable, hitherto, to do much more than reform internally as far as they are able to do so while waiting for further change in the policy environment which would enable them to take further steps. Moreover, the relative lack of progress of reform in certain SOEs can be viewed as a rational attempt to respond to conflicting signals from a number of state agencies which have their own, different, interests in the enterprise.

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NOTES AND SURVEYS

DEREGULATION AND THE DECLINE OF PUBLIC ADMINISTRATION TEACHING IN THE UK

J.A. CHANDLER

In 1991 eight polytechnics offered a BA in public administration while five universities provided the degree with either public or social policy. Currently, no higher education institution in Britain offers a BA degree solely entitled 'public administration'. The subject area is, however, offered in 16 higher education institutions under a variety of names that include, in any order, the words 'public', 'management', 'policy' and 'administration'. This paper analyses the reasons for the transformation during the 1990s in undergraduate courses for the public sector. It is argued that these changes do not so much derive from academics, employers or students taking on board an enthusiasm for new public management but are as much the consequences of deregulation of student choice and an expansion in student numbers that has not been matched in financial terms. The consequence has been to increasingly move this sector towards business and management teaching geared to private sector interests and away from its more political and social science roots.

The policies of the second government of Tony Blair have opened up a major debate concerning the limits of private business involvement in the operation of public services and the extent to which a public service ethos is essential for delivery of improvements in health, welfare and protective services. While there has been concern at the gradual encroachment of private sector values in the delivery of public services, there has been little recognition that there is a parallel and insidious growth in private sector management values within education and training for public service staff. This tendency is apparent in the gradual demise of public administration as a university subject and the fact that it is being supplanted by management-

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orientated degrees aimed at producing graduates for entry into employment in the public sector.

DEVELOPMENT OF PUBLIC ADMINISTRATION DEGREES

Since the liberal reforms of the nineteenth century it was considered that, for the higher level of public service in Britain, the type of degree read by a student need not be vocationally directed toward professional practice. A senior public servant should be a broadly educated and open-minded male with sufficient general intellectual training to be able to appreciate the complexities of society and to be able to maturely assess the broader implications of policy decisions on technical subjects (Chapman 1997, p. 31; Pyper 1995, pp. 41–3). It was, however, recognized by academics in the interwar years that public servants would benefit from broadly based courses whose object was:

> to study public administration in the light of history and of the social sciences, to relate its problems to the wider problems of society, and to teach students how to think for themselves about the work of administration. (Chapman 1972, p. 10)

This aim, which was sponsored by the Joint Universities Council for Social and Public Administration, led, by 1947, to a Diploma in Public Administration (DPA) being offered by 17 universities.

In the sphere of low politics (Bulpitt 1983), such as local government or the health service, it was considered by the Whitehall elite that administration involved narrower technical skills that required staff with specific vocational training rather than policy generalists. In the early 1950s, local authorities had created a Diploma in Municipal Administration (DMA) to help meet this need; this gradually supplanted the DPA but accepted much of its ethos as an academic rather than a narrowly professional qualification, concentrating on public administration as a branch of politics. The Mallaby Report (1967) on the Staffing of Local Government recommended that the DMA should be regarded as an 'in service degree' for individuals entering local government generalist management directly from school.

The concept of 'administration' as applied to the DPA, was based on the civil service view of the subject as encompassing not so much detailed implementation of policy but 'those aspects dealing with the formulation of purpose, the value laden issues, and the human components of organisations' (Hodgkinson 1978, p. 5). The growth of management theory in the United States had, however, by the 1960s, challenged this interpretation of administration and supplanted the concept with 'management' as the key organizing principle while administration was to be applied to more routine tasks of implementation. A gradual intrusion of 'management' as opposed to 'administration' as an acceptable term to describe the process of organizing and goal setting for public as well as private controlled activities began to insidiously filter into both government and academic thinking.

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Although extolling the virtues of public administration for new generalist entrants to the service, Mallaby reflected the newly emerging fashion for 'management', recommending that senior staff should receive business management training even though such training was not suggested as a component of the DMA. The 1968 Fulton Report on the civil service went further down the road of recommending management training for the development of generalist skills among senior civil servants. The Civil Service College, a product of Fulton's recommendations, became predominantly concerned with management training. Officially, therefore, the value of public administration degrees was as a graduate entry point to the lower levels of public service and principally in local government or health administration rather than the civil service. Moreover, the qualification was seen as far from being an essential qualification and that a business studies or management degree could be of equal value as a means to entry to public sector service. A longer term consequence of this attitude is that senior public administrators in Britain have never enthused over the value of public administration: in contrast to, for example, the United States where a Masters in Public Administration is seen – in state and local government, if not federal government – as an important qualification leading to senior public roles such as the position of city manager (Whitaker 1998, p. 220).

DEGREES IN PUBLIC ADMINISTRATION, 1960–90

The vocationally orientated, degree-level public administration courses recommended by Mallaby were well suited to objectives set for the polytechnics. The polytechnics were from their creation subject to stringent central government controls on the type of courses they offered and on their academic quality (Robinson 1968; Pratt 1997). This ensured considerable stability in the number of public administration degrees in this sector and in their subject content. In England and Wales, permission to establish a new degree was subject to regulation by ten regional advisory councils (RACs) created by local authorities in 1947 and 1948 in order to avoid duplication of courses in a region and identify where new provision was required (Pratt 1997, p. 247). The RACs, in effect, became a forum to allow college and, later, polytechnic principals to trade particular course provision with one another, a measure which often prevented a particular polytechnic from developing a course that was already available in another institution in the region. Full-time courses also required approval directly from the Department of Education and Science which was greatly influenced in its decision by Her Majesty's Inspectors (HMIs). A similar structure was developed for Scotland where the Secretary of State was the final arbiter of course provision. It was recognized by the Council for National Academic Awards (CNAA), which created a validating committee for courses in public and social administration, that there would be no more than six courses in England, one in Wales and two degrees in Scotland. By 1974, the original eight vocational public administration degrees had all been established. The

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broadly similar curriculum for these degrees, established through the CNAA, was based on four-year sandwich courses in which students experienced up to a year of supervised work in a public sector organization in order to gain practical experience of public administration. The subject content was orientated towards political studies, with foundation courses in the basic social sciences of politics, economics and sociology, and quantitative skills. The second and final years of the courses tended to be divided into streams concentrating either on social and health care policy or more specialized subjects relating largely to the needs of local government.

The public administration courses which had been established in the 1970s continued, with relatively few modifications, during the 1980s. They were subject to regular review through the CNAA but generally made no substantive alteration to the established pattern of a four-year vocational degree based on politics as applied to policy making practice in central and local government and the health and social services. The courses were generally successful in producing good graduates who mostly found employment in the public sector, although predominantly in local government and the health services rather than the civil service (CNAA 1992, p. 43). They were much less successful in the recruitment of students, with 'applications averaging around 150 per course during the 1970s, and first year intakes of around 20 were common' (CNAA 1992, p. 27). Other courses in the area of vocational non-scientific work, such as business studies, attracted much larger numbers of students. Regulation of the non-university higher education (HE) sector, however, protected the established degrees from further competition, although it also prevented the departments in which the courses were based from expanding into related areas of study such as political science. Thus, departments housing public administration degrees tended to be relatively small and rather static in terms of staff.

In contrast to the polytechnics, the universities offered a more open market for determining their degree structures. The vocational orientation of public administration made it a subject that most universities could leave to the public sector HE institutions and hence the subject was usually offered only as units within politics degrees (Chapman 1972). The few universities that offered complete degrees in this area, in the absence of any strong regulatory framework concerning the nature of their curriculum, produced a far more varied palette of courses. Most courses were, however, geared to providing an understanding of the process of public administration in Britain rather than to train students specifically for entry into public sector employment. Typical of this approach is the University of Southampton's three-year non-sandwich BA in Public and Social Administration, whose compulsory first-year semester subjects are political theory, political systems, social problems and social policy, analysing social policy and quantitative methods. Similar politics and social policy courses define the other two years so that the syllabus is predominantly a politics-based

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course. Most university courses, unlike the polytechnics, did not include a placement element in their curriculum. However, in the absence of CNAA regulation, there could be considerable variation in the approach. In contrast to Southampton, the University of Aston's four-year sandwich BSc in public policy and management does not contain courses on politics in its first two years. Only in the final year is there a course on Europe and UK Governance.

THE DECLINE OF THE BA IN PUBLIC ADMINISTRATION

Most public administration degrees changed their title, if not content, between 1992 and 1994. The first modification in the public HE sector came in 1991 when Sheffield Hallam University began offering a BA in Public Sector Management that was initially designed to attract mature and overseas students and hence did not need a work experience element. However, as the degree failed to attract sufficient numbers of mature entrants to be viable, it first ran alongside and then supplanted, the established public administration degree and recruited largely school leavers with conventional A-level qualifications. The following year, Leicester Polytechnic restructured its public administration provision to include management in the title and was followed in the following two years by all the original eight public administration courses in the former polytechnics, with the exception of Manchester Metropolitan University, which added public policy to its course title in 1997. The older universities, with the exception of Southampton and Bedford College University of London, also restructured their course titles to include, if this had not already been the case, the terms 'management' or 'public policy' so as to remove or downgrade the 'public administration' descriptor. In addition to the re-naming of the existing degrees, several higher education institutions began entering the public policy field by offering degrees in this field, although all of these avoided the title public administration and fastened instead to the public management or public policy labels.

EXPLAINING THE DECLINE

The rapid changes to public administration degrees in the early 1990s have been widely ascribed to changes in government values with the adoption of new-right policies by the post-1979 Conservative Governments. Kingdom (1990, p. 25) argued that:

> The utilitarian trends of today threaten to push the discipline towards the prescriptive. Students are to be provided with a toolkit so that like plumbers they can unobtrusively busy themselves under the constitutional sink. . . . The rush towards utilitarianism is Gaderene and threatens to return the discipline to the pre-behavioural, legalistic dark ages.

Greenwood and Eggins (1995) consider that these changes were in response to new-right emphasis on using private sector management techniques to

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organize whatever elements remained of the public sector following extensive privatization, and Greenwood and Robbins (1998) similarly cite '...changing techniques of government, a changing economic and social environment, a reduced role for the state...' among the factors promoting change towards public sector management.

However, the timing of the change towards public management and policy studies does not suggest that most course designers were enthusiastic supporters of public sector management as opposed to administration, let alone a return to a legalistic tradition. The possibilities for change were widely recognized in the 1980s and could have taken place at least a decade earlier when there was an extensive academic debate concerning the definition of the discipline in the context of new-right values (Rainey, Backoff and Levine 1976; Allison, 1979, Gunn 1985; Kingdom 1986, 1990; Elcock 1986; Rhodes 1991). The title of public administration also remained unscathed by the time the term 'new public management' had become firmly established in Britain (Hood, 1991). There has, moreover, been little change in the use of 'public administration' in relation to research or other academic groups which are representative of university teachers in this sector. The organization representing the research and teaching interests of universities in this sector remains the Public Administration Committee of the Joint Universities Council and the leading research journals in the field are still *Public Administration* and *Public Policy and Administration.*

There is also no evidence to suggest that, over the research period under review, the Thatcher Governments had a serious impact on student choice. Public sector courses were never particularly popular in the 1970s and during the 1980s gained greater numbers of applicants, reflecting the overall rise in applications to higher education as a consequence of the greater demand for graduate labour and higher levels of unemployment awaiting school leavers. Between 1982 and 1989 there was a considerable increase in applications, which in many polytechnics exceeded 50 per cent and in Scotland 100 per cent without any diminution in the A-level grades of successful applicants (CNAA 1992, p. 28).

Employers' views probably also changed little during the Thatcher years since, as indicated above, the Mallaby and Maud Reports had in the 1970s led local and health authorities to consider that senior staff in the 'low politics' sectors required management as opposed to public administration training. The impact of employers' values and employment opportunities on prospective applicants to undergraduate courses do not, moreover, necessarily influence student choice. Growth areas in undergraduate recruitment have included subjects such as media studies, even though the prospect of entering employment in the media industries is, for these graduates, poor (Marsh 1999). Perceptions of glamour may greatly influence student values and on this score it is unlikely that public administration currently, or in the past, ever scored very highly in the minds of 18-year-olds.

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THE IMPACT OF DEREGULATION ON THE PUBLIC ADMINISTRATION SECTOR

The impact on public administration degrees of the new-right and neo-conservative governments between 1979 and 1997 has not so much been to directly affect course provision through shifting attitudes of academics or students, but indirectly as a consequence of these governments' policies of deregulation and the creation of quasi-markets in the higher education sector. The polytechnics were particularly affected by deregulation in the mid- to late-1980s as an ancillary element in the transition of the system from an elite to a mass structure. In the 1970s, pressures to give polytechnics greater independence obliged the CNAA to licence a few of the larger institutions to validate their own degrees. This process was gradually extended so that by the late 1980s all polytechnics established their own degrees subject to CNAA approval of their validating arrangements (Pratt 1997, pp. 219–27). From 1982, regulations requiring permission to establish a degree began to erode, with the creation of a National Academic Board (NAB) which took over the powers of the regional councils through the formation of a national body to regulate the funding of non-university higher education. It was not, however, until 1992, when the Further and Higher Education Act established the polytechnics as universities, that the public HE sector effectively disappeared and all institutions offering higher education courses were able to establish degrees.

The rapid deconstruction of public sector degree courses in the mid-1990s was, however, not just a consequence of deregulation but the additional impact of the movement from an elite to a mass system of higher education and the consequent creation of a competitive market for securing students. Between 1960 and 2000 student numbers increased fivefold although the most rapid expansion occurred between 1989 and 1998 when numbers of full-time students increased by 684 000 to just over 1 004 000 (HE statistics, 1995 and 1999). Financial restructuring is necessary to pay for this change and as funding has not increased in line with growth in student numbers there is, consequently, a sharp cut in the funding per student. The tendency to lower costs per student has been almost continuous since the 1970s but was particularly steep in the early 1990s at the time student numbers most dramatically increased (Dearing 1997, p. 45). This has had serious consequences concerning the design and viability of smaller courses such as public administration. Universities and colleges were required to meet the challenge by adopting strategies to either increase student intake onto courses, cut the costs of course provision and, should these strategies fail, close non-viable degrees. These strategies have all taken their toll of courses – such as those catering for the public sector – that attract relatively few students.

Deregulation of the market allows suppliers to enter new markets and most universities have responded by creating new degrees. A consequence of new entrants into the market is to further place pressure on existing

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suppliers who must meet the challenge by either matching the new entrants in terms of price or demonstrate that they are supplying a product of greater value than that which may be provided by the new entrants. These developments will create an economic climate in which the potential market is saturated and, if there is a fall in demand, some courses will immediately become economically non-viable. The historically relatively low numbers of students applying for public administration courses ensured that this sector was – unlike, for example, business or media studies – never a serious solution to the pressures to attract new students. However, even in a relatively restricted market, opening up the field to new entrants is likely to stimulate a few organizations to test out the possibilities of attracting further customers from the established suppliers. Within a university, this tendency is stimulated by the university's wide range of specialists in specific subjects who will have a considerable interest in forwarding their niche products. Several new public sector degrees entered the arena between 1992 and 1994 but many, as shown in the Appendix, did not prosper.

STRATEGIES FOR ENSURING VIABILITY IN A COMPETITIVE MARKET

Faced with an immediate need to gain greater numbers of students in the immediate post-regulation period, course designers, especially in the less prestigious ex-polytechnic sector, realize that this challenge cannot be met by standing still and have sought to stem the decline in applications by renaming the subject provision. Most course designers have no well-researched guidance on what would be the most viable alternative, or for that matter, whether any change was more viable than the existing title. Degree titles evolve largely through a process of debate among subject champions and their senior managers that are informed by perfunctory surveys of practice in other universities as well as intelligent guesswork. Reference is also made to practice in competitor institutions, something which will also have been instrumental in promoting the rapid change in degree titles between 1992 and 1995. Course designers have largely opted for permutations of terms such as 'public policy' and 'management' The use of 'management' in the new titles logically picked up on the prevalent image of the subject area that had been developing since the 1950s and had been accentuated by Mallaby and Fulton and then taken up strongly in the 1970s by new-right politicians and theorists. Many course designers who accepted the change were, nevertheless, reluctantly bowing to a trend which they did not greatly favour, having avoided the term in earlier decades. 'Management' also brought the subject image more clearly into the private sector business framework and so it could be hoped that students would regard the qualification as being more likely to lead to well-paid employment. The adoption of the term 'public policy', often as a prefix to public management, sets the subject area in a more clearly wider social science framework and serves, for some course designers, to retain some hold on the political

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element of the course as a means of lessening their concerns about having to adopt the more aggressively new-right, private sector orientated management epithet.

Pressure to accept management rather than administration in a degree title was also prompted in some universities by internal restructuring of smaller departments into larger schools that were designed to take advantage of economies of scale at a time of depleted resources per student. Three of the eight original public administration courses established in polytechnics were transferred to large business studies schools that favoured a management rather than a political studies orientation for the courses they had inherited.

In a climate of decreasing resources, course designers will also be obliged to defend the viability of their provision by developing economies of scale in the provision of courses. This demand can, up to a point, be resolved by increasing class sizes and decreasing the number of hours of class teaching on a course but, where degrees attracting small numbers of students are concerned, this strategy has its limits. Regulation on quality would not permit a reduction of class contact for students to much less than 10 hours per week and, for most institutions, a stand-alone degree based on the lowest funded non-science courses, classes of less than 20 students would be financially non-viable. Where viability of a degree standing alone is not possible, the subject may, however, survive by combining many of its course modules into larger, more popular degree programmes. The courses thus become integrated into other disciplines and are designed to provide modules that are attractive to a far wider student base than subjects closely connected with public administration. An important casualty of this process has been the decline of the placement year as a central focus for the vocational structure of the public administration degree. Although the remaining public sector courses that existed prior to 1990 still retain a placement option, some of the newer courses are based on a three- or, for Scotland, four-year, non-sandwich structure; alternatively, they provide optional placements or short placements of a few months duration.

THE GROWTH OF PUBLIC SECTOR STUDIES AS BUSINESS STUDIES

The economies of scale secured by offering degree courses as part of multi-disciplinary programmes has led many universities, and especially the former polytechnics, to merge smaller departments into larger multi-disciplinary schools. Within the polytechnics, most of the original public administration degrees were provided by departments built around the degree; these could be viewed as specialist public administration departments even if, as for example in Sheffield Polytechnic, the department was named political studies. Not only has public administration as a degree title become an endangered species but there is only one former polytechnic, De Montfort, with a department built entirely around public and social administration and only two

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others, Manchester Metropolitan and Robert Gordon's, that have a department sharing the discipline with one other subject field.

The obvious candidates for merging public administration degrees and their departments into wider course provision are the areas of politics or business studies. The politics sector is spiritually the more appropriate sector and public administration has always been classified in Britain as a branch of political studies and the subject area is still included in this category by the HEFC for grading research and quality in universities. Public administration degrees, especially in the new universities, that have remained in the politics fold have, however, had less success in terms of viability than those within business schools. It has to be said too that in the former polytechnics, public sector degrees which are closely integrated with politics courses have not fared well in the 1990s. Two of these, Teesside and Nottingham Trent, have abandoned the public sector provision altogether. In Teesside, this is a consequence of the closure of all politics provision in the university while in Trent, staff were with little difficulty integrated into a politics provision. Among older universities, Durham and Royal Holloway and Bedford, which had offered a politics-linked public administration, have withdrawn their programme in the mid-1990s. There have been few new courses developed along this path and those that have been established have not lasted for long. Staffordshire University quickly abandoned a degree in international public administration and public sector provision at the University of Luton, which was integrated with politics, has now been closed.

In contrast to the public sector courses linked to politics, business studies orientated degrees are becoming more prevalent. Aston University has probably the highest number of entrants and highest entry qualifications for their business studies based public sector management degrees. Sheffield Hallam University, which provided one of the original eight polytechnic degrees, has recast its public sector provision as a BA in Business and Public Policy. This is part of a business studies degree programme and has only 6 out of 18 modules distinctive to the public sector route. Several new courses have successfully entered the market by adopting strategies that allow the course to remain viable on small student intakes. Thus has largely taken place in business schools where a number of new entrants to the field, such as the Universities of Stirling, Paisley and Liverpool John Moore's, provide public management degrees in which the public sector components stem only from courses offered in the final year of degree courses that are otherwise conventional business studies courses. The trend to public sector courses, integrated with more popular programmes, is moving the balance of the subject overall more towards business studies than politics.

THE PROBLEM OF IMPERFECT KNOWLEDGE IN THE MARKET

The pressure to push public sector courses into close partnership with other course programmes has also had a significant effect on the curricula offered in support of the subject area. Although there always had been prior to

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1990, a rather eclectic provision in the non-regulated traditional university sector, this tendency has been shifted into the higher education sector as a whole. The title of degrees in the public sector arena give little indication to students what the curricula may entail and how relevant it might be to vocational study of the public sector. Degrees may be little more than non-vocational studies in politics or predominantly business studies degrees with a brief nod in the direction of public policy in the final year or, as in a few former polytechnics, a four-year sandwich degree based predominantly on politics curricula. The problem with commodifying education as if it were a matter solely for individual consumption, is that the value of a product to the long-term interest of the purchaser is very often imperfectly conceived and based too often on factors that have little bearing on the long-term advantage to the consumer. Moreover, the product is not one that solely affects the consumer but has repercussions for society as a whole. In addition to the subject area they wish to study, students choose a degree with reference to factors such as the general prestige of the university and the social and living conditions of the city in which a university is situated. It is suggested in one survey that only a third of applicants cite course content as a main factor in determining their course (Moogan, Barron and Harris 1999). Prospective students often have a less-than-perfect idea of employment interests and the jobs market. While attention to factors other than the fitness for purpose of the course curricula may, at least in the short term, be rational, it will be unlikely that student decisions are made on the basis of an informed understanding of the academic and vocational content of a specific course. Prospective students or their advisors will not, therefore, be astute judges of the quality of a course in terms of its capacity to fulfil their employment ambitions, even if such a view is clearly formed.

Under such conditions, the courses likely to survive are not those which have the most appropriate curricula but those that can be produced with sufficiently low costs for them to be seen as economically viable by their sponsoring institutions. These are unlikely to be, therefore, dedicated stand-alone courses with a strong vocational content, but instead the courses which are, in effect, options of existing more popular degree routes such as business studies or government. These pressures, as is indicated in the Appendix, have taken their toll. Three of the original eight courses in polytechnics have closed and many of the older established stand-alone public administration courses are insidiously losing their distinctive character as they are obliged to share options with business or, more rarely, politics courses. In contrast, as has been said, the new courses created in this sector are basically second or even only final year options of established business studies degrees. The tendency then, is for public sector studies not to be provided as a stand-alone degree but to be composed of options on larger courses, offered as components of business studies rather than politics degrees.

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CONCLUSION

The extensive reconstruction during the 1990s of degree courses designed to prepare students for work in the public sector has been a consequence of changes in the higher education system in the UK rather than a direct response to new-right support for public sector management. The public administration degrees established in the 1970s were generally resistant to change during the 1980s and were only constrained to move in new directions by the deregulation of the public higher education sector and the economies demanded from the move to larger numbers of students without a commensurate increase in funding. The consequence of deregulation has been to bring more competition into an area that attracted relatively few students. Course designers wishing to retain the integrity of their degree have attempted to resolve the problem by renaming their degrees in the hope they will attract further students. However, such strategies do not appear to have been successful and, given the reduction of resources for each student, it has become increasingly difficult to maintain public sector courses as 'stand-alone' degrees and forced many to be operated in conjunction with business and politics courses – to the extent that some are only final year options of more popular programmes. Such a tendency has distorted the subject content of the public sector degrees; these now range over a wide framework of subjects, although the drift is firmly towards the subject area becoming but an option of business studies courses.

If it is accepted that there is a need for managers/administrators working in the public sector who have a capacity to appreciate the wider political and ethical issues concerned with the task as well as the need to secure within the framework of public accountability efficient and effective services, then there is a strong case for establishing vocational first degrees designed to serve this need. This fits alongside securing appropriate intellectual training for individuals undertaking social and humanities studies. It is, however, difficult to secure such a framework within the current arrangements for higher education in Britain. In a largely deregulated environment for higher education, in which funding follows student choice, the subject content of degrees available to students is greatly influenced by choices made by prospective students who are not well versed in understanding their own long-term needs.

This trend will create courses that are most unlikely to meet the needs of society. The *raison d'être* of the original public administration courses validated by the CNAA was that they provided a vocational discipline that was of value to better and more informed administration and policy making in the public sector. The beneficiaries of the schemes were not just to be the students but citizens in general. Under the present drift of public sector studies the vocational element is being seriously diminished and there is little indication that courses are designed with the interest of the good of society in mind rather than with the idea of capturing student numbers.

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Underlying this malaise in public administration courses is the issue that – unlike, for example, in the United States – public sector employers have never been encouraged to accept that the qualification is a necessary professional asset to public service. Hence courses such as business studies have been seen as equally valuable as a means of training local government or health service officials. If the government in the UK wants improved public services it might well reflect that it is important to provide encouragement for able students to enter public services by promoting degree programmes that offer studies dedicated to the broad social values and needs of the public service in addition to a capacity to manage the services efficiently.

APPENDIX

First degrees in the area of public sector studies offered by British higher education institutions since 1988.

Aston University

1988–1992	BSc Managerial and Administrative Studies
1993–date	BSc Public Policy and Management (plus other options)

Bath, University of

1988–1991	BA Public Policy

Birmingham, University of

1988–1993	B Soc Sci Policy Making and Administration
1994–date	B Soc Sci Public and Social Policy Management
	B Soc Sci Public Policy Making and Administration

Birmingham Polytechnic/University of Central England

1993–1996	BA Public Policy

Brighton Polytechnic/University of Brighton

1993–1996	BA Public Policy and Administration

Durham, University of

1988–1994	BA Social and Public Administration

Glasgow College of Technology/Glasgow Caledonian University

1988–1993	BA Public Administration
1994–date	BA Public Administration and Management

King Alfred's College of HE, Winchester

2000–date	BA Public Services Management

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Kent, University of

1988–1990	BA Social Policy and Administration
1991–1993	BA Public Administration and Management
	BA British and American Policy Studies
1993–date	BA Social Policy and Public Management

Leicester Polytechnic/De Montfort University

1988–1991	BA Public Administration
1992	BA Public Administration and Managerial Studies
1993–date	BA Public Administration and Managerial Studies
	BA Public Policy and Management

Liverpool John Moores University

1993–date	BA Public Services Management

London University, Goldsmiths College

1991–1993	BA Economics, Politics and Public Policy
1993–1996	BA Public Policy
1993–1996	BA Economics, Politics and Public Policy

London University, Royal Holloway and Bedford College

1988–1994	BA Economics and Public Administration
	BA French or German and Public Administration
1993–1996	BA Economics and Public Administration

Luton College of HE/University of Luton

1992–1993	BA Public Administration
1994–1996	BA Public Policy and Management

Manchester Polytechnic/Manchester Metropolitan University

1988–1996	BA Public Administration
1997–date	BA Public Policy and Administration

Newcastle Polytechnic/University of Northumbria

1988–2001	BA Government and Public Policy

North London, University of

1999–date	BSc Public Administration and Education Studies
	BSc Public Administration and European Studies
2000–date	BSc Public Administration and Social Policy

Nottingham Polytechnic/University of Nottingham Trent

1988–1993	BA Public Administration
1994–1997	BA Government and Public Policy

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Paisley, University of

1999–2001	BA Public Management and Administration
1999–2001	BA European Policy Management

Robert Gordon College of HE/Robert Gordon University

1988–1992	BA Public Administration
1993–date	BA Public Policy and Management
1993–date	BA Government, Policy and Management

Sheffield Polytechnic/Sheffield Hallam University

1988–1990	BA Public Administration
1991–1992	BA Public Administration
	BA Public Sector Management
1993–2000	BA Public Policy and Management
2001–date	BA Business Studies and Public Policy

Southampton, University of

1988–date	BA Public and Social Administration

Southampton Institute

1993–1996	BA Public Policy

Stirling, University of

2001–date	BA Public Management and Administration

Teesside Polytechnic/University of Teesside

1988–1991	BA Public Administration
1992–1995	BA Public Administration
	BA European Government and Policy
1996–1997	BA Public Management
	BA Public Policy
1998–2000	BA Public Administration with Business Studies, IT, Languages, Law, Multi-media
	BA Public Policy and Management

Polytechnic of Wales/University of Glamorgan

1988–1993	BA Public Administration
1994–2000	BA Public Policy
	BA Public Management
2001–date	BA Politics and Public Policy
	BA Public and Social Policy
	BSc Public and Social Policy

Source: UCCA, PCAS and UCAS student course guides from 1988 and www.search.ucas.co.uk/cs/2002/c.html (last accessed 18 January 2002).

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REVIEWS

DESIGNING EUROPE – COMPARATIVE LESSONS FROM THE FEDERAL EXPERIENCE

David McKay
Oxford University Press, 2001, 180 pp., £40 (hb), £14.99 (pb)

In this, his latest book, David McKay sets out to inquire into the experience of federalism in five democratic states: the United States, Canada, Australia, Germany and Switzerland. The author asks: 'what lessons can the EU learn from the experiences of those states which were originally forged out of national, ethnic and geographic diversity but which have subsequently been obliged to adapt constitutional and other arrangements in order to maintain the integrity of the unions?'. In other words: what makes diverse federations stick together over years, and, especially, how does a state maintain or win the allegiance of diverse populations in multinational societies?

To answer this question, so central for the European Union (which itself is starting to look like some kind of federation), McKay subjects his five case studies to close analysis. He uses a scheme of four variables: (1) the origins of the founding constitution; (2) how constitutions have been adapted over time to accommodate centralist and decentralized forces; (3) the role of political parties in this process; and (4) the role of parties as legitimizing agents in achieving an acceptable balance of central and provincial power.

Having examined his five 'older' federations, McKay sums up the results of his analysis and compares these federations with that of the EU. He goes on, in the final chapter of the book (Chapter 9), to offer a design of a union in which the 'stateness' problem – that is, how a conglomerate such as the EU maintains or wins the allegiance of diverse populations in a multinational society – is designed to look as small as possible.

This is a point the author keeps in mind throughout his book. In the central chapters, McKay makes three institutional and two general points. He starts out by questioning the wisdom of applying a model of government that resembles the classical parliamentarian one, for example:

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> Given the poorly developed sense of European identity across most EU states, an EP [European Parliament] vested with real legislative powers might well lose legitimacy among a range of national electorates who perceived European elections as a second–rather than first-order election.

In the first of his institutional points, and looking at Switzerland, McKay suggests (albeit rather vaguely) that the major task of the EU is to safeguard national sovereignty through equally novel institutional design. He goes on to argue, as his second point, the case for keeping the dominant position of the Council of Ministers, along with its territorial base. He does not reveal, however, whether he thinks the Council should emerge as a true federal government or as a strong 'upper house', although he hints at the latter possibility, stating that, 'the Council of Ministers is widely regarded as a functional equivalent [to an upper house].

Thirdly, McKay argues for a catalogue of competencies, or rather a codification, which 'should include all areas relating to taxation and controls on member states' spending and borrowing. Constitutional amendments should additionally be subject to supermajoritarian approval procedures'. He thus opts for a highly decentralized pattern, following the federation he singles out for particular commendation, Switzerland. He then goes on to raise the first of his 'general points', that of efficiency in decision making. In fact, a heterogeneous and decentralized Union may be fairly ineffective in its decision making. This, however, may be the price we have to pay in order to allow the federation to stick together. His last general point is a discussion on the relationship between direct democracy and justice and equality. McKay suggests a very limited kind and use of direct democracy *v* cases of constitutional amendments (one is inclined to wonder why here). His main argument is that this is 'preferable to the situation where central power may accrue, almost by default, without the consent of the citizens of the component states'. Thus, in conclusion, the aim of this chapter – and indeed, the entire book – is to secure the development of a democratic, decentralized European federation where democratic legitimacy is placed above 'efficiency'.

After this rather brief résumé of the book's 180 pages, let me add a few further comments. To get the full benefit of David McKay's insights, one ought to read this book in conjunction with his earlier book, *Federalism and European Union*, published in 1999. It provides a discussion on the central question: 'how does a federation emerge?' Read together, these two books free the federalist approach from its idealistic retrospection and place it solidly within the realist school. Thus, McKay succeeds in bringing federalism back into the scene of integration theory after several years of absence. He does so convincingly thanks to a strong logical analysis, supplemented by empirical study.

I agree with McKay's statement that, 'Claims that the EU . . . is *sui generis* and can be explained only in terms of its unique structure and evolution

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look inappropriate given the increasingly state-like status of the Union'; however, I still fear that he runs the risk of overemphasizing (especially in Chapter 8) the resemblance between the federal model and the features of the present EU, at the cost of its inter-governmental character. But we all do, and the problem is not one of the author's (in-) ability but is inherent in the social sciences. I am also less than enthusiastic about the normative approach he takes in Chapter 9.

But the criticisms above are far outweighed by the huge merits of the book as a whole. Apart from 'bringing federalism back in', the book is easy to read, gives a good, systematic comparison of five federations – over a period of history longer than that of the EU – all of which are compared to the present day EU which (rightly) is treated in well-argued 'state' terms.

Only time can tell the lasting importance of a book, but I would not be surprised if history were to be very positive to this one. Thus the book is a 'must' for scholars of European integration, no matter whether one agrees or disagrees with its author.

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COMPARING PUBLIC SECTOR REFORM IN BRITAIN AND GERMANY: KEY TRADITIONS AND TRENDS IN MODERNISATION

Hellmut Wollmann and Eckhard Schröter (eds)
Ashgate, 2000, 375 pp., £45

This volume seeks to analyse and interpret the content and direction of current public sector reforms in Britain and Germany from a comparative perspective. In this context, the book focuses in particular on the developments in the fields of social policy and social administration. In their endeavour to comparatively assess administrative reforms in Britain and Germany, the editors apply both an historical and institutional perspective, taking account of the specific institutional and cultural traditions in which national reform discourses are embedded. In this way, they address a common deficit, observed in many studies on the global wave of new public management reforms: namely, the lack of a systematic theoretical linkage between painstaking efforts to describe minute differences in structures and processes and a macro-perspective emphasizing bureaucratic similarities across countries.

The basic explanatory framework guiding the comparative analysis in the contributions that follow is developed in Wollmann's introductory chapter, which also provides a comparative overview and interpretation of the recent administrative changes in the two countries under study. Within the

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conceptual framework, the different traditions of the state and state-society relations in Britain and Germany play an important role in accounting for national variance in public sector reforms. In the chapters by Klaus König and Nevil Johnson, these differences between the still-pervasive tradition of the administrative state in Germany and the British 'stateless society' become particularly apparent. In addition to the state tradition, the structure of the state and the patterns of intergovernmental relations are identified as important factors – accounting for national variance in administrative development. This point is driven home by the chapters of Jim Sharpe and Gerhard Lehmbruch, which are concerned with the social and historical formation of federal or regional government, as well as Hellmut Wollmann's own comparative analysis of national variance in central-local relations.

A third group of explanatory factors are particularly addressed in the volume: the distinctive concepts of the public service given in the two countries, as well as the underlying 'management ideas' of a professional public service. These issues are dealt with in particular in the chapters by Frederick Ridley and Hans-Ulrich Derlien, as well as in the contributions by Eckhard Schröter and Manfred Röber. Finally, the cultural patterns which guide political and administrative behaviour are analysed as a potential explanatory source accounting for national divergence or convergence in administrative reforms. The impact of this factor is analysed by Eckhard Schröter on the basis of empirical data on relevant political values and attitudes in Britain and Germany.

The remaining chapters provide a substantive illustration of theoretical and analytical considerations by evaluating recent administrative reform developments in the field of social policy. Two chapters (by Dieter Grunow and by John Clarke and Paul Hoggett) present an overview of the basic architecture of the British and German welfare systems. The following chapters focus on specific issues and areas of social policy, namely the privatization of social services (Brian Munday) and the changes in the role and influence of non-profit welfare associations in the German system (Rudolf G. Heinze and Christoph Strünck). Finally, the chapters by Michael Hill and by Hellmut Wollmann and Frank Bönker put recent changes in the British and German welfare state into a broader historical-institutionalist perspective.

In the concluding chapter, Guy Peters draws more general conclusions which might serve to explain the success and failure of administrative reforms across countries. In this context, the findings from the British/German comparison are complemented by findings from other countries, including the USA and Scandinavia as well as Australia and New Zealand.

Overall, the book makes a highly valuable and important contribution to the conceptually still underdeveloped field of comparative public administration. It combines historical and institutional analysis with detailed

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empirical findings and evaluation of recent administrative reform developments in Britain and Germany. It should therefore be essential reading for scholars and practitioners interested in the field, regardless of their disciplinary background in either political science, management or public administration.

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PUBLIC MANAGEMENT REFORM – A COMPARATIVE ANALYSIS

Christopher Pollitt and Geert Bouckaert
Oxford University Press, 2000, 328 pp., £45.00 (hb), £19.99 (pb)

It seems fair to say that books about public management reform have been published frequently during the last couple of years. Either the books cover developments in a number of countries, or they focus on a particular aspect of reform such as financial management or contracts. Christopher Pollitt and Geert Bouckaert declare themselves ambitious in trying to deliver a thorough analysis of the current state of knowledge on public management reform. Pollitt and Bouckaert both have considerable expertise on reform, having conducted various research projects on the topic and provided consultancy to governments around the world and to the European Commission.

The book aims to take stock of what we know about the effects of public management. The method is to conduct a detailed and comprehensive comparative analysis with data from ten countries: Australia, Canada, Finland, France, Germany, The Netherlands, New Zealand, Sweden, the UK and the USA. Data on (the attempts of) reform in the European Commission are also considered. The countries chosen include both well known 'leading NPM-countries' like New Zealand the UK, and more reluctant NPM-countries like Germany and France. Also included are less prolific, but nonetheless active modernizers in the smaller European countries of Finland, Sweden and The Netherlands. The data have been collected through various research projects that the authors have been engaged in during the 1990s.

The fine thing about the book is that the country experiences are integrated in the thematic chapters. There are no single 'country chapters' as in other comparative works. Instead, the factual information on each country is assembled in an expanded appendix: a nice touch which readers will no doubt find helpful.

The book is divided into eight chapters, each one with a specific theme: the first five on the scope, substance and effect of public management reform; the last three on governance problems connected to public management reform.

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Chapters 1, 2 and 3 of the book put public management reform in a political and economic context, thereby avoiding the trap of 'decontextualization' in many public management reform texts. Reform is not just a technical issue, but must be seen in the light of political institutions and economic developments in each country. The way reform is conducted is analysed in Chapter 4 through various 'trajectories' – defined on page 62 as an 'intentional pattern – a route that someone is trying to take'. Trajectories could be, for example, of an organizational nature. It is concluded that there is a pattern ('beneath the welter of detail') in public management reform, but this does not mean that every country is following the same route as New Zealand or the UK. The authors thereby contribute to the shared opinion in much current academic public administration literature: NPM ideas have had an impact on the public sector, but country-specific historical institutional features influence the pace of change.

Estimating the results of public management reform is perhaps the hardest task in many research projects. Chapter 5 addresses the problem of results. Governments around the world provide the rhetoric of reform, but seldom engage themselves in wide-ranging evaluations of the output and outcome of their reform initiatives. Coming from a background in evaluation theory, the authors are competent and confident to take on the challenge. The authors distinguish between four different levels of results. Results can be substantial, operational results, an improved decision-making process, a broad change in the overall capacity of the political and administrative system of handling political and administrative challenges, and, finally, the degree to which objectives set out from the start are met in practice. The taxonomy seems helpful and constructive in expanding the concept of 'a result'.

In the second part of the book, the authors allow themselves to stand back from the close scrutiny of specific reform efforts to analyse the impact of reform on well-known themes in the public administration and public management literature such as the politics-management relationship, the trade-offs in reform efforts, and reflections on management and governance (a full chapter is devoted to each theme). In Chapter 7 on 'trade offs', ten common 'candidate contradictions' in public management reform are presented and discussed. In the last chapter, various ways to deal with pressure for change are identified, summarized under perhaps familiar headings: 'Maintain, Modernize, Marketize and Minimize'.

The authors come up with many viable points worthy of consideration during these chapters, but in the end the reader is not exposed to any surprises. There is more a feeling of nodding along to the various observations the authors make. The admirable effect is that the reader is invited to reflect upon well-known issues in public administration in the light of public management reform.

One crucial question that the authors have had to grapple with has been: how much evidence do you need before anything can be concluded about the results of reform? Public management reforms have been implemented

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since the 1980's, and the term 'NPM' has been used since 1990. One would expect that a 15–20 year period provides time enough for at least some reform elements to work and to be assessed. The text, however, is scattered with characterization of the evidence of 'extremely slender' (p. 122), 'often incomplete, or downright inadequate' (p. 131) and 'patchy' (p. 136). The authors assessment of reform is probably as good as one can get at this point in time, but the question remains of how the reforms will be looked upon in, say, ten years time, when the available data will be more complete.

The book is well-researched, but the craftsmanship means that the authors seldom allow themselves to discuss alternative interpretations of public management reform. The reader will look in vain for a detailed discussion on the 'narratives' of reform although there are hints too, for example, PUMA in OECD's role in shaping the reform agenda and Swedish scholar Nils Brunsson's work on 'reform talk'. A more hard-line rational choice perspective is also omitted. In a self-confession in Chapter 1, we are told that the authors 'are not the slaves of any single theory or approach'. The authors describe themselves as 'critical modernists' (and not radical post-modernists) and 'mildly constructivist historical institutionalists' (rather than belonging to the rational choice camp or sociological institutionalism). This reviewer suspects that Pollitt and Bouckaert are thereby in touch with broad sections of mainstream public administration and public management research today. The analysis is solid, but the boat of public administration and management is not rocked in any dramatic way.

The book is of interest to public administration and public management researchers, and it will be ideal for courses on public management reform in universities and business schools throughout the world.

The overall strength of the book lies in its comparative perspective, its detailed analysis of reform trajectories, the taxonomy and analysis of reform results and its effort to put reform in its proper political and economic context.

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GOVERNING THE HEALTHCARE STATE: A COMPARATIVE STUDY OF THE UNITED KINGDOM, THE UNITED STATES AND GERMANY

Michael Moran
Manchester University Press, 1999, 195 pp., £19.99

Health care reform has been something of an international epidemic for the last 20 years. In the UK, as in many other western countries, there have been increasing pressures on health services from a variety of sources. On

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the surface at least, many of the reorganizations and reforms that health services have undergone have been labelled as cost containment exercises. On a 'common-sense' level, this seems to be an obvious cause for concern. As Moran points out, in the wake of the great postwar expansion in health care spending and the end of the long boom, all health care systems have been forced to make cost containment a priority. But is it simply cost containment that shapes policy making with regard to health care systems?

Moran's book proposes that it is not. Many of the health care reforms, he says, simply make 'no sense' if the only concern was cost containment. He concludes that health policy, 'must be shaped by something more subterranean than the acknowledged search for cost containment' (p. xi).

In addition to concerns over the increasing cost of health services, governments have sought to shape and reshape health policy and the health services for political and ideological reasons such as rationing, regulation and professional demarcation. None of these things are peculiar to the UK, but different governments have 'chosen' different strategies to try to cope with the ever-changing political and economic landscape.

Health care systems vary between nations more than any other public policy; this comparative element is therefore crucial to the analysis of health care policy development and change. As Moran points out: 'We cannot make sense of health care states without placing them in that global division of labour, but the key to understanding a particular health care state will turn on understanding its particular place in the global system' (p. 17).

For this purpose, Moran has chosen to compare the UK with the American and German systems. And he has done this in a very detailed and meticulous way. These three systems are often referred to as good examples of three important variants: the first as a 'national health system' funded by general taxation; the second as a market-dominated system; and the third as an instance of compulsory insurance as a way of funding care. But these 'archetypes' are less important in the context of this book than the significance of these examples in terms of the crucial place they occupy in the global state system. Clearly, each of the examples has historical differences concerning the ways in which the health care system developed and the ways in which the medical profession interacted with the state to create and sustain a working relationship.

The relationship between the state, health policy and the medical profession is carefully and thoroughly examined in the first two chapters. Later chapters analyse the ways in which different governments seek to control consumption, and regulate doctors and manage the medical technology industries, and Moran offers extensive evidence of a 'medical-industrial complex' in the modern state, linking corporate 'professional and bureaucratic elites' (p. 181).

What is shown very clearly is that health and health care reform can really only be understood when it is seen within the context of complex

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power relationships between the state, markets, professions and industrial interests. Furthermore, these relationships are 'embedded' in the historical development of the state of the country concerned and their bureaucratic structures. Examples of this can be seen throughout the book. Thus, the sheer size of the health care institutions in practically every country means that the agencies of the heath care state are major players in shaping and regulating policy formation and change, but these agencies are themselves also shaped by external forces. What becomes clear is that to some extent all health care systems are faced with an 'insoluble problem', which is how best to organize such a complex institutional world in which there are competing interests and complex problems.

Governing the Healthcare State is a fascinating and absorbing book. It is clearly very well researched, and is academically rigorous. The theoretical framework may seem deceptively simple, and yet it offers a deep insight into the ways in which various societies have attempted to reshape health policy, and why reorganizations, initiatives and shake-ups have so far failed to produce the 'perfect' health care system.

Alison Hann
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THE STATE AND THE NATIONS: THE FIRST YEAR OF DEVOLUTION IN THE UNITED KINGDOM

Robert Hazell (ed.)
Imprint Academic, 2000, 304 pp., £14.95

Robert Hazell is Director of the Constitution Unit and Professor of Government and the Constitution at University College London. This volume surveys the new landscape of UK governance after devolution and promises to be the first of a series of reports on devolution. the editor, Hazell, provides an introductory overview. On the Scottish Parliament, Leicester considers how it differs from Westminster – in particular, he sees Scottish backbenchers as less supine than their Westminster counterparts, given the weaker party discipline within the Scottish Parliament. But he warns that the heavy workloads, especially of ministers and officials, threaten to slow things down. Already he detects considerable frustration amongst ministers not able to force through change, then blaming officials; meanwhile, the latter blame ministers for not having a coherent policy agenda. He also notes continuing confusion over the distinction between devolved and reserved powers.

The Welsh Assembly, too, has been struggling to find its feet. Osmond describes the turbulent first year of the Assembly, during which three of the four party leaders resigned. He tracks the resignation of Alun Michael,

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the foundation First Secretary, and mentions the formation of a coalition administration in October 2000. He sees significant issues arising from the corporate body (i.e. non-parliamentary) status of the Assembly and from its limitation to secondary legislative powers, but neglects some of the interesting new dynamics created by the need to operate within a corporate body.

The Northern Ireland experience has been even more turbulent. Wilford and Wilson describe the 'bare knuckle ride' following the April 1998 Belfast Agreement. They detect a trend towards the Assembly being run by a Unionist and SDLP 'government-within-a-government'. Yet at the same time they see a process of balkanization taking place within a Northern Ireland electorate increasingly polarized between the two ethno-nationalist parties (Democratic Unionist Party and Sinn Fein); meanwhile the parties of the 'democratic centre' are haemorrhaging electoral support, something which is jeopardizing their ability to govern.

In contrast, developments in England fall a long way short of those in Scotland, Wales and Northern Ireland. Tomaney argues that the eight new regional development agencies are effectively regional arms of central departments as they are tied to the delivery of specific national, departmentally based programmes. Meanwhile, the regional chambers have no powers and are unelected.

On the new, post-devolution intergovernmental relations, Hazell highlights the absence of a substantial machinery in central government to coordinate the two tiers of government. He details the main formal mechanisms such as the joint ministerial committee, the secretaries of state for the territories, concordats and the British-Irish Council. The main weakness of this chapter is that Hazell does not consider the crucial role of the Labour Government in intergovernmental relations. Devolution also has significant implications for Parliament. Russell and Hazell outline the changes to the House of Commons and the government's failure to reform the House of Lords in a more regionally representative way. They note the difficulties of managing the new boundaries between the Parliament and the new legislatures, particularly asymmetrical devolution.

One of the unanticipated consequences of devolution, at least from the Labour Government's point of view, is the boost to the nationalist parties, as Curtice notes. According to him, the polls suggest that the Scottish and Welsh electorates generally support their new institutions but that this support is soft and characterized by a lack of enthusiasm and public doubts about their achievements. Worryingly, in Northern Ireland, support among protestants for the Belfast Agreement has fallen, largely driven by the row over arms decommissioning, with a small majority of protestants now opposed to the Agreement.

The book also includes a chapter by Tomaney on the Greater London Authority (comprising the Mayor and Assembly for London), incorporating the innovation for the UK of a directly elected mayor (possibly the forerun-

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ner of others across the country). Interestingly, Tomaney argues that the Authority should be understood in terms of the new model of a slimmed down, strategic government as opposed to the traditional, large bureaucratic model. However, it remains a local government rather than a regional government model.

In conclusion, Hazell emphasizes the asymmetry of the settlement, with only 15 per cent of the population regionalized and three institutions with three different sets of powers, and which raises questions about the future government of England. Even so, Hazell argues that neither central government in the UK nor the two main political parties, are displaying any vision over how to adapt to the new quasi-federalized UK.

The State and the Nations is a very useful resource on devolution for both researchers and students, containing as it does a wealth of well-organized detail. But one limitation of the book is summed up in the subtitle, the other main limitation is the absence of theorizing and analysis. It does not draw on ideas from the wider literatures of federalism, regionalism and public management – Tomaney's chapter on London is the main exception. Instead, the book sticks to a conventional, current affairs approach, arguably justified given its aim to be a contemporary record.

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CITIZENS AND THE NEW GOVERNANCE. BEYOND NEW PUBLIC MANAGEMENT

Luc Rouban (ed.)
IOS Press, 1999, 237 pp., £44

Citizens and the New Governance, edited by Luc Rouban, is a report from a European Conference on political and social effects of New Public Management (NPM) organized by the European Group of Public Administration in 1998. As a book, the report has the character of a rather random collection of papers about the effects of NPM on the relationship between public sector and citizens in a society. If there is a common topic in the book it is partnership between public and private partners – governance – as a challenge to traditional hierarchical government. One important feature of governance is that decision-making processes are less transparent than processes in governmental systems The need this creates for alternative channels for participation – for groups and for individuals – is a leading topic in most of the presentations and discussions.

In the introductory chapter, the editor discusses the concept of governance and tries to fit the concept of governance into a European context. He also clarifies different theoretically based models to come to terms with the

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concept. His conclusion is that governance, as a concept, must include some sort of vertically based partnership.

The 15 chapters that follow give a flavour of a variety of NPM-reforms in Western European countries. We are introduced to changes in the pattern of contact between bureaucratic structures and citizens in France and the debate about which implications these changes have for the legitimacy in the system. The relationship between transparency and citizens' participation in the Nordic countries is discussed. We are introduced to citizens' evaluations of the quality of the public sector in Greece and to reforms whose intentions are to make this sector more responsive. We are given insight into what citizens in France emphasize as important in a public bureaucracy, in how civil servants evaluate their own relations to citizens and to how partnership between public and private partners have been of limited success when it comes to meeting the challenge created from the two other conditions. New management techniques in family welfare offices, the role of the unions of civil servants in evolving quality management in the public sector and the participation of citizens concerning contracting practice in France are also topics covered. New Public Management reforms, which are oriented towards more citizen involvement in Finnish local authorities are presented, as well as alternative techniques to New Public Management in Denmark. Interactivity between citizens' charters in Italy, autonomy in Germany and New Public Management orientation in the Austrian cultural sector are also discussed.

As is revealed in the list above, the book looks into a variety of topics, and gives a substantial amount of information about New Public Management-related reforms in Europe. The quality of the chapters, however, varies. Among those that are very good, are Stefan Sjoblom's discussion about the significance of transparency for citizens' involvement in the Nordic countries. Sjoblom claims that the process of politics is important here, both for transparency and for involvement and participation. It is however essential that there should not be so much transparency that the process of politics becomes impossible.

The chapter by Derek Birrell and Ann Marie Cray about partnerships encouraged by EU projects in Northern Ireland is also interesting. This chapter discusses how program-organization constrains partnerships between decision-makers in the public sector, politicians and private sector decision-makers. Taking a democratic perspective as a starting-point, the chapter discusses transparency, accountability and connectivity in relation to authorities. Even though partnership is problematic, given such a perspective, the authors claim that it also has possibilities when it comes to participation.

Carsten Greve and Peter Krogh Jespersen present interesting Danish experiences with alternative reforms in the public sector. As starting-point, they clarify elements in New Public Management and the critique against those elements in the public sector. Lack of incentives, different values and

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lack of participation have, according to the two Danish authors, led to failures when New Public Management-oriented reforms such as contracting out, tool orientation and control and evaluation and introduced in the public sector. Greve and Jespersen launch a democratic alternative – democratic governance – which includes citizens' involvement. And they conclude: 'A citizen's perspective would concentrate on making citizens actively involved also in new discussions and reinterpretations of traditional public values, draw on citizens' knowledge in preparing services, judging the quality of services by citizens' panels and informing citizens by way of service declarations'.

The book provides much information and some knowledge about New Public Management reforms in the public sector in Western European countries, more particularly, reforms oriented towards citizens' contact, involvement and partnership with the public sector. The book also claims to discuss the impact of the reforms for the citizens themselves – a very valuable intention. After reading the book, I do, however, have more questions than answers. One reason may be that the book lacks an introduction or a conclusion that tries to bring everything together and highlight the most important elements. As a reader, I do not feel I know more about the relationship between citizens and the public sector in Europe as a result of reading this book. What I do have are some more or less interesting fragments from different countries (each chapter starts with country-specific definitions and clarifications), the intention being to give a picture of what is happening in a country or in a particular part of the public sector in that country. In this it succeeds.

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TRANSPARENCY IN PUBLIC POLICY: GREAT BRITAIN AND THE UNITED STATES

Neal D. Finkelstein (ed.)
Palgrave Macmillan, 2000, xvi + 184 pp., £54 (hb), $US 65

Here is a collection of work produced by the 1996–97 cohort of Atlantic Fellows in Public Policy, a group of American academics, policy analysts, civil servants and medical researchers who worked in Britain under the fellowship scheme set up in 1994. The chapters are the result of studies comparing public policies in Britain and the United States, drawn together under the overall heading of 'transparency in public policy'.

The introduction defines transparent policies as 'policies that are easily understood, where information about the policy is available, where accountability is clear, and where citizens know what role they play in the

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implementation of the policy' (p. 1). The agenda is broadened to discuss the relationship between access to information and the power of different groups and links between transparent policies, citizen participation and 'optimal' policy. The aim is to try and illuminate features of the systems by comparison and contribute to improving policy making (pp. 2–9).

The breadth of focus is understandable given the origins of the material in a diverse set of research projects. However, this reader would have preferred more grounding of the concept of transparency in the considerable existing literatures. In economics, transparency is seen as necessary for the proper functioning of markets, and, in public policies, as necessary to avoid a range of phenomena including, 'fiscal illusion', where the costs and/or benefits of policies are not apparent to participants in the policy-making process. In the public policy literature on 'good governance', access to information is seen as an antidote for corruption and, in international relations, full sharing of information is seen as necessary to build trust between countries, particularly in ensuring the success of arms control agreements.

The contributors to the book explore transparency across a range of policy sectors including health, education, environmental policy, transport and firearms. They deal with different processes, including policy making, rationing, regulation, power and influence in budget systems and quality assurance systems. The format followed by most of the chapters is to outline the policy area, and then to proceed with a discussion on some aspect of transparency; one or two, however, are not developed much beyond a general survey of their policy sectors. Perhaps the most directly related to the main themes are those on health care policy decisions by Woolf, education policy by Finkelstein, environmental policy making by Juni, and firearms regulation by Leitzel. Most of the contributors hold the view that transparent policies are better than those that are opaque, although the book acknowledges that this is a matter for empirical investigation.

This approach by the authors seems reasonable given that traditional justifications for secrecy in the 'public interest' are generally seen as much less convincing than in the past. However, an important alternative to transparent policies is not considered: that of policies which economize on information. Free markets are conventionally preferred to planning systems in part because they do not rely on collecting and processing information centrally. However, it is probable that there are limits on the extent to which public service systems can economize on information. In the UK public sector, moves towards more use of quasi-markets and decentralized systems of service provision as part of the New Public Management (NPM) have been accompanied by increases in resources devoted to 'regulation' of government. The regulators are part of a trend towards more monitoring, inspection, audit and publication of performance information.

The pressure in the UK for more freedom of information could be seen as a related development. The increase in resources devoted to improving transparency show that quasi-markets, unlike the pure free markets of econ-

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omic theory, require considerable information gathering on behalf of 'consumers' to make them work. A further set of issues raised by the concept of transparency in public policy and dealt with here is how it relates to the democratic process, for example, whether improved transparency could facilitate more effective deliberative democracy. As the gun control debate in the US illustrated, having more information about a policy does not always seem to reduce conflict over the issue. The book provokes thinking along these lines, and at the same time provides a showcase for work produced by a valuable program.

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PRIVATIZATION: AN INTERNATIONAL REVIEW OF PERFORMANCE

Graeme A. Hodge
Westview Press, 2000, 312 pp., £22.99

Contracting out and privatization have been core elements in public management and in public sector reforms throughout the 1980s and 1990s. There is now an abundance of anecdotes, reports and scientific studies on privatization such as contracting out and enterprise sales. Thus, for someone with a preconceived view on privatization, it is fully possible to find ample support both for the claim that privatization does work as well as that it does not work. Graeme A. Hodge has in this book used empirical evidence to study the relationship between performance and the sector providing the service.

The context of privatization is inherently ideological and privatization has a range of explicit and implicit objectives: increase service quality, efficiency, competition and accountability; reduce the size of the public sector, public debt and trade union power; replace a weak private sector by stronger former government institutions (especially relevant in developing countries); and open up new investment opportunities and markets, to name a few such objectives. The author has in this project developed a conceptual framework for evaluating the empirical performance of privatization. This framework covers social, democratic, legal and political dimensions of performance in addition to the economic dimensions. He has relied heavily on meta-analysis as well as using other more traditional methods of reviewing the existing literature. Since a meta-analysis is a systematic, quantitative study of data and conclusions of other individual experiments, it tries to make sense of the often vast number of accumulated study findings available. The use of meta-analysis in the fields of public adminis-

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tration and privatization in fact proved to be a contribution in itself, as no earlier such studies were revealed in these fields.

A total of 129 studies presented results on contracting out, or outsourcing, the term used in business management. Twenty-eight of these studies were included in the meta-analysis of contracting out, covering the period 1976 to 1994. Of these studies, 16 related to the US and 19 were of local government. By far the majority of the studies were in the area of refuse collection and disposal. Based on the meta-analysis results, Hodge argues that contrary to the widespread rule of a 20 per cent reduction in cost in contracting out services to the private sector, the studies seem to indicate a somewhat lower gain. Furthermore, the notion of competition, or threat of contracting out, seems to be crucial, consistent with Domberger and Rimmer's earlier results. In addition, firms in the market may be inefficient and could gain from competition. However, a full-scale privatization does not necessarily have to be adopted in order to achieve substantial improvements. Contracting out also demands contract administration and monitoring costs, and also, importantly, cost savings through such contracts are not automatically passed on to the consumers, clients and citizens but could also be absorbed through a greater number of management positions or other rewards to the organization.

The study identified 162 empirical reports on the effectiveness of enterprise sales. Twenty-four studies over the period 1980 to 1995 were available for the meta-analysis. Only one of these studies, however, had a strong statistical design. These studies spanned a range of sectors, but most covered the UK, Chile, Mexico and Bangladesh. The most common measures of performance were economic in nature, mostly related to efficiency. Hodge's analysis also revealed that a surprisingly wide range of methods had been adopted to measure the performance of enterprise sales and more than is done after firms are nationalized. Financial performance and capital investment also increased after enterprise sales. However, there is doubt if privatization in fact causes improved financial performance. In fact, much of the improved performance could be due to divisionalization, strengthened regulation and enhanced accountability rather than the transfer of ownership *per se*. On social performance, the narrative assessments were found to indicate that price reductions and greater competition had not been delivered. On the negative side, privatization may lead to increased inequalities, corruption and cronyism, although both corruption and cronyism could be evident in government also. However, selling enterprises may politically be much easier than cutting services or raising taxes.

The book is praiseworthy for its efforts to pin down some practical conclusions in a diverse subject which spans an enormous literature and conflicting ideologies. For instance, there seems to be good reason to assume that contracting out services, especially within garbage collection, cleaning, and maintenance services, is difficult to define and measure: little or no savings may be expected. There also seems to be relatively more to be

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gained in contracting out services in higher tiers in government than in local government, and there could be country variations in potential gains from contracting out as well. Furthermore, it is possible to reduce costs without reducing quality. Lastly, the author concludes that 'a little bit of contracting out seems to go a long way' by establishing benchmarks and incentives.

The book's assessments of methodological differences as well as issues in assessments of the effectiveness of contracting out and enterprise sales are especially valuable for researchers. For instance, contracting out typically involves specific services, takes place over a short period of time and often aims at reducing costs. Enterprise sales typically encompass a variety of services, extend over a long period of time and have a broader set of objectives. Furthermore, the book's identification of areas where further research is needed is also very valuable for the academic community. For instance: are gains from contracting out captured by senior managers? Have enterprise sales reduced public debt? Does the organization of the tiers of government lead to sub-optimal privatization decisions? How does privatization affect employment? How does privatization affect collusion, corruption and accountability? If I should point to limitations in the book, it would be that the literature used in the theoretical foundation for the analysis (Chapter 3) is a bit dated and thus biased in viewing the economics of organization and public choice theory mainly as congruent with opportunistic actors and 'hollowing out the state' policies. But, in fact, the author makes this bias in the earlier literature clear in comments and notes, for instance, that potential gains from contracting out and enterprise sales may be more often than not used to increase top management's salaries and bonuses at the expense of blue-collar workers' employment and pay. Thus, the net gain of privatization for society is perhaps more a question of *for whom* it would work than *if* it works.

Paradoxically, these views seem to corroborate newer formulations of economic organization theory, for instance, as found in agency theory, transaction cost analysis and in Dunleavy's 'bureau shaping' public choice theory. Overall, the author has written a rigorous, balanced and highly valuable book within an area of wide interest for policy-makers, practitioners, students and researchers within the social sciences. This book deserves a wide readership in the years to come.

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THE NATURE OF BRITISH LOCAL GOVERNMENT

John Stewart
Palgrave Macmillan, 2000, 310 pp., £47.50 (hb), £15.99 (pb)

Central to this highly readable book on British local government are the tensions between continuity and change on the one hand and uniformity and diversity on the other. Stewart argues that while writing about uniformity might be more straightforward, such an approach all too easily ignores the diversity which persists at local level. While there are strong forces for uniformity in both the organization and political processes of local authorities there nonetheless remains a good deal of local variation – for example, new Labour and old Labour councils; Labour groups that have supported contacting out services and Conservative groups opposed to them. Discussion of the uniformity/diversity tension draws upon the author's wide experience and in-depth knowledge of the world of local government. In the same way, Stewart's analysis of the tension between continuity and change utilizes vivid pen portraits which emphasize the importance of both culture and tradition in shaping local politics.

The book is divided into three parts. Part I deals with the impact of history both on local government generally and on individual authorities. Part II focuses on the institutional setting within which the workings of local authorities take place. The third part describes the workings of local authorities during the challenges of the last two decades. Attention is paid in the concluding chapter to future trends given the likely advent of more elitists local political management structures.

Essentially, this book is 'John Stewart on Local Government', bringing together the author's accumulated wisdom of over three decades and incorporating some 300 visits to local authorities. It is rich in anecdote and local colour. It does, however, lack a theoretical framework whereas regime theory, public choice theory and the like feature in much contemporary academic work on local governance, such perspectives are not drawn upon by Stewart. What we have instead is a treatise based upon Stewart's own understanding of the diverse world of elected local government, written by a critical friend who very clearly wishes it to retain a position of importance within the British democratic tradition.

It is all too easy for texts on British local government to hurriedly skip over history in order to focus upon the contemporary scene. Stewart avoids this: he repeatedly emphasizes the importance of history in shaping the present. His material about local distinctiveness is particularly fascinating. He cites Conservative councillors in Harrow, a leafy suburb west of London, who see it as a collection of villages with Pinner being the largest village in England and see their role as village defenders. In Rotherham, in South Yorkshire, the leadership discusses mining, in which they had all

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worked, as through it was still a mining area. Likewise, many rural authorities still see themselves as councils of farmers, and the farmers on the council speak for its values, although farming has ceased to be dominant in the rural economy. Local distinctiveness is emphasized by a number of telling quotations from municipal leaders and municipal historians – useful correctives for those academics who adopt a broad-brush approach to historical analysis, one which ignores locality and focuses exclusively on the apparent uniformity engendered by legislation, circulars, statutory instruments and the like. While the tensions between continuity and change and uniformity and diversity are repeatedly emphasized by Stewart, it would have been useful if the author had been more precise about the prevailing balance. Are we, for example, witnessing the last rites of local government given the 'top down' emphasis of the Labour government in many policy areas and the increasingly pervasive audit and inspection regimes?

This text contains the author's thoughts on central-local relations, party politics, internal management changes, officer-councillor relations and much else. All chapters provide examples to illustrate the author's claims. The importance of professional expertise in functional areas repeatedly shines through, making the officer-councillor relationship both fascinating and infinitely variable according to prevailing local circumstances. Stewart is not enthusiastic about new Labour's proposals for cabinet and mayoral structures but no doubt these structures will bed themselves down from mid-2002 onwards in the same variegated way that has characterized other developments over the last 200 years. History and the inherited world will have an impact; local politics and local personalities will also play their part. In the new world of executive leadership (as with so much else in the past) government legislation establishes the rules of the game, but the game will continue to be played in different ways – that is, as long as it survives.

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ETHICS IN THE PUBLIC SERVICE FOR THE NEW MILLENNIUM

Richard A. Chapman (ed.)
Ashgate, 2000, 245 pp., £40

This book provides a good text for discussions at undergraduate and post graduate levels on the nature and future of ethics in relation to the delivery of public services. It is unlikely, however, to be of much use to practitioners – nor will it travel well.

The book is essentially about ethics in terms of where they have come from and the issues to be addressed for the future. It stops, however, at the point that the title of the book would suggest it is to be focused: that

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is, what are to be the ethics for the new millennium? This is not to say that there is not much interesting material in the book: Brooke and Hunt on lessons from the recent past; Peters and O'Toole on the intellectual issues of the political context; or Painter and Pratchett on the dilemmas for the future – but they do not address the practitioner concerns now emerging over the impact of new public management and the new forms of delivery and governance pertaining to public services.

In particular, there is the question of re-introducing values-based ethics and moving away from the third-party compliance-based accountability of the past decade – the approach argued by Robert Gregory and Colin Hicks at an Integrity and Business of Governance Conference in Australia in 1998 when they suggested that:

> Strategies to maintain and enhance high standards of conduct in public service will need to be based on a conceptual understanding of responsible accountability, as distinct from a narrow preoccupation with accountability itself. (Gregory and Hicks 2000, p. 4)

Here the challenge is to develop an ethical environment that takes account of public servants whose background makes them simply indifferent to the somewhat banal and retrospective proposals for reform that those such as the Committee for Standards in Public Life proposed in its call for 'a degree of austerity, of respect for the traditions of upright behaviour in British public life, is not only desirable, but essential' (p. 6, para 7).

Public life and public service draws on wider social and cultural contexts, as well as the development of a management culture within a public service context which has been embraced by officials as the route to managerial independence and rewards commensurate with the size and complexities of the public services being provided. It has also, in the process, led to the development of other private practices and expectations in a new public management context – new public entrepreneurialism – that may have led to a conflict between private sector values and the enterprise culture, and the rules and responsibilities required for the delivery of public services (Doig and Wilson 1997).

That public sector managers and other senior figures should not only embrace new public management but also new public entrepreneurialism may be both a belief that they are entitled to similar rewards of office as those available in the private sector but also may be a reflection of wider cultural changes in society or of opportunities more likely to be taken. This is particularly so with a diminution of the emphasis on public service and personal responsibility and the emergence of what was once described as combining public service 'with what they call a piece of the action'.

If this is a discernible trend then it not only negates the context for 'austerity' or 'respect for traditions' but may require an entirely new response in developing a responsible accountability or ethical environment that recognizes the influence of the developing cultural and social issues: 'the

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challenge for the new era is to discover the moral and political principles which are appropriate to the public domain facing the transformation of our time' (Ranson and Stewart 1994, p. 230).

Here the book acknowledges the changes and the need for new approaches but what it fails to deliver is material on the new ethics for the millennium. With the work now being produced by the OECD and the Canadian and Australian government in an attempt to do this, there is a feeling that this book, very much like the UK approach to public ethics, is good for debate but less effective when it comes to the question of what should be the new ethics for those who will need to practise them.

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THE POLITICS OF THE ARTS IN BRITAIN

Clive Gray
Palgrave Macmillan, 2000, 224 pp., £40

The arts have been the focus of many different kinds of political analysis and debate, from arguments about how far the arts should be democratically accessible to debates about the cultural politics of art production and consumption. This text is firmly situated in public policy and administration: it traces changes in the organization, funding and administration of the arts in Britain, and the ideological and political structural shifts that have underpinned them. Gray sets out a very clear thesis: that the last 20 years or so have seen a commodification of the arts originating in emerging crises in capitalist regimes of production and accumulation in the 1970s. Commodification is defined as the replacement of use value by exchange value: 'essentially, issues of aesthetic or personal worth and value are replaced by those of the material and impersonal market place' (p. 6).

This idea forms a strong narrative thread which links different strands of the author's description of specific changes: the development of arts policy under the postwar welfare settlement; the changing institutional arrangements for administering arts policy from 1979 onwards; and the

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pattern of power and control in the network for arts policy. The book goes on to investigate the processes of institutional change at different levels within the political system: central, regional and local government, and the growing significance of European and other transnational institutions. Emphasis is placed on the oligarchical nature of the system at national level and the more pluralized local systems. It is argued that the fragmented pattern of arts funding and administration, and the lack of coordination between different institutional tiers, is in part a product of a reactive stance by central government and has produced an inherent weakness in the arts as a political entity.

This multilevel analysis and historical approach provides an authoritative and complex picture of change. The attempt to set the detailed account of the funding and organization of the arts in the context of deeper structural and ideological shifts in the role of the state is a distinguishing feature of the book that clearly differentiates it from more conventional accounts. However, the author is unclear about whether the commodification thesis has been validated by his analysis, regarding it as 'unfinished business'. While the arts have had to become more financially aware as they have become subject to market derived initiatives, there has been no wholesale move to a full blown market economy for the arts; instead, there has been a re-fashioning of the form of public sector support, now legitimated by a greater acknowledgement of the role of the arts as generator of economic advantage to local, regional and national economies. But while acknowledging the need to take account of such specifities in the arts as an area of public policy, the author tends to explain change by reference to broad economic and ideological shifts in the role of the state. As such, the politics of the arts is here analysed in isolation from the economic, social and cultural conditions of their production and distribution. The impact of state policy on artists and art organizations, or on the channels through which the arts are disseminated, is not debated. Neither is the way in which policy might be shaped and reshaped in response to debates about what might be considered to be art, or by emerging shifts in the ways in which consumers access artistic products. It is not my intention to suggest that the focus of this book should have been expanded to incorporate a detailed analysis of such shifts. However, the reader's understanding of the politics of the arts might be enriched by a fuller acknowledgement of the significance of the economic and cultural conditions of artistic production and consumption, conditions which are shaped by and in turn shape the public policy agenda.

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THE POLITICS OF THE EURO-ZONE: STABILITY OR BREAKDOWN?

Kenneth Dyson
Oxford University Press, 2000, 280 pp., £40 (hb), £14 (pb)

Kenneth Dyson's *The Politics of the Euro-Zone* is a attempt to assess how the introduction of the single European currency in 1999 has changed and will change the political dynamics of economic policy making in Europe. Dyson, who has published widely on the topic of monetary union, sets himself the goal of providing 'an overview of the politics of Euro-Zone by addressing the central political questions that are associated with it', including the identity and interests of the major actors and institutions, the implications of monetary union for the power of the state, the legitimacy of the European Union, the likely effects of various combinations of monetary, fiscal and labour-market policies in the European Union, and other important issues (p.7). After providing a brief overview of his 'constructivist' approach to EMU that emphasizes the role of ideas, the book is divided into chapters dealing with the powers and priorities of the new European Central Bank compared to other European Union institutions and to the member states; the operation of the Euro-Zone; how the introduction of the single currency is changing the nature of the nation-state; the role of stabilization policy under monetary union, and the legitimacy of the single currency project.

How successful is Dyson in meeting his goal? There is much to recommend in this book. Throughout there are good summaries and analyses of events that occurred shortly before and after the introduction of the euro. the book also contains many detailed discussions of the academic and policy debates behind important issues such as the operation of the Stability Pact, the division of economic policy responsibilities between the member states and the supranational institutions, authority over exchange-rate policy, and the relationship between monetary union and employment policies. This analysis is based principally on the two years surrounding the introduction of the euro, which (as Dyson acknowledges) makes it difficult to draw definitive conclusions. But Dyson makes a contribution by tackling these issues in such a timely manner. Parts of the analysis should be particularly useful for those who have not immersed themselves in the details of monetary union but are looking for a good overview of the major actors, their interests, and the institutions through which they interact. In other respects, however, the book's value as an introduction to and preliminary analysis of these emerging issues is undermined by its priorities and organization. In most chapters there is a laudable focus on issues that are likely to be important in the coming decade rather than on historical developments. Readers without a good grasp of the background to monetary union might find these sections more difficult to follow (although, to give Dyson credit,

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he and Kenneth Featherstone have provided a detailed history of monetary union in their *The Road to Maastricht* [Oxford University Press, 1999]). Other drawbacks have to do with the organization and presentation of the main ideas. For example, the author has the annoying habit of introducing technical terms, some of his own creation, and then failing to define them clearly. Thus on page 31 we learn that the Euro-Zone is an 'asymmetric' one in which cooperation will be 'implicit', which is a 'structure-induced equilibrium', it is left to the reader to puzzle through the text to determine what exactly these terms mean. Other issues are presented as important but are not fully developed. For example, Dyson 'stresses the value of the ... constructivist perspective that sees the meaning of power in the Euro-Zone and the content of interests as largely a function of ideas' (p. 7). Yet this perspective is not really developed in any detail or compared on equal terms with other approaches that seek to address the same phenomena. This means that the author's interesting and important claim in the conclusion that monetary union 'altered the framework within which (national) interests are defined and responsibilities exercised' (p. 277) is not strongly supported by the rest of the book.

Thus *The Politics of the Euro-Zone* is strong on analysing individual facets of the present and future of monetary union. This feature should not be overlooked, since it makes this one of the few books that considers not just how the European Union got to monetary union but also where it might take the project in the future. But it lacks an underlying theme or message that is discussed and demonstrated consistently.

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IMPLEMENTING EUROPEAN UNION PUBLIC POLICY

Roger Levy
Edward Elgar, 2000, 228 pp., £55

This volume, *Implementing European Union Public Policy*, is in fact about the management of the main EU funding programmes – the EAGGF, structural action, research and development, Cooperation and Development and the European Development Fund. It covers all the main items of the expanding EU budget. It is thus a major contribution to the literature on EU public policy making because it is the first single authored study devoted to an in-depth study of programme management in the Union. It also fills a major gap in the literature, which has tended in the past to focus too much on the making of EU policy and not enough on the implementation and management of policy. The first two chapters establish the context for the study

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and the methodology and data deployed. The remaining chapters cover the main spending programmes.

Chapter 1 captures the growing salience of programme management on the EU's political agenda and situates the study in the context of the resignation of the Santer Commission in March 1999. The resignation adds some welcome political spice to what would otherwise be a very technical treatment of the problems of management in the EU. Chapter 2 provides a detailed overview of the methodology used for the study. The emphasis on performance indicators enables the author to establish a framework for using the reports of the Court of Auditors as the main source of data. The volume highlights the 'management deficit' that has characterized the implementation of the EU's main spending programmes. The study identifies persistent problems of poor management information, weak accounting standards and serious gaps between formal and actual systems of management. In the final chapter, the author analyses the recommendations of the Committee of Independent Experts, whose reports led to the Santer resignation.

The volume will be of interest to anyone analysing the Kinnock reforms in the Commission and the future of public management in the Union. The author is not convinced that the recommendations of the Expert Committee and the Kinnock reforms are sufficient to overcome the management deficits he highlights in the volume. For Levy, building management capacities at local and national levels remains central to improved public management in the EU. He suggests, in the final paragraph of the volume, that Commission staff should be dispersed to the 'beneficiary level' in the member states. In other words, Commission staff should become 'federal' officers in the member states. This implies a radically different model of public management and shared administration in the Union.

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